

NATION'S BUSINESS



September
1939

taxpayers Get a Break • The Riddle of Seniority • Air Conditioning
takes on More Jobs • A Community Revises Relief



EVEN THE LADIES LIKE TO SAVE HORSEPOWER

Elbow grease they call it.

Not without reason, you'll agree, if you've ever wrestled with a bottle cap your wife couldn't get off, *either*.

So that's another way Aluminum is saving a lot of power these days. Maybe you haven't noticed particularly, because the packers have a way of covering up their shiny, easy-to-get-off Aluminum Seals with brilliant colors.

The millions and millions of Aluminum Seals in common, everyday use tell every user of metal some mighty pertinent things about this versatile metal.

It's in the workability of Alcoa Aluminum that the closure makers find the answers to making caps that women can get off the bottle easily. They can

design clever opening principles and details into caps, and then devise methods to get them on the bottle which would be impossible with other metals. The result is an ideal combination of perfect sealing and easy opening.

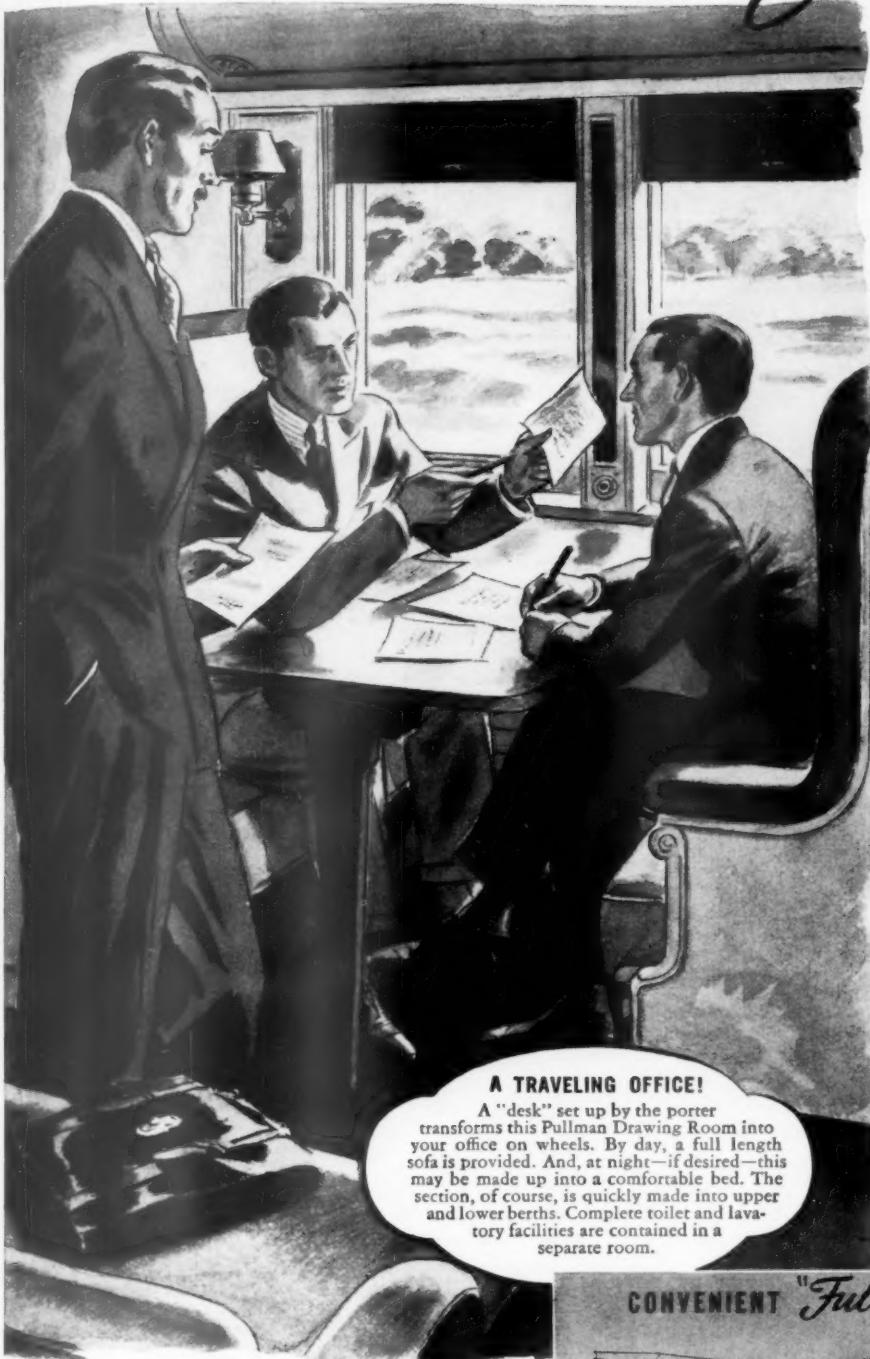
Of course, seals made of Aluminum are *naturals* for use with food products and beverages, drugs and cosmetics. This pure metal is never toxic. It's Friendly to Food. It does not rust.

If you are a production man, or boss one, or work for one, you'll appreciate the real meaning of workability as a plus to all the other valuable things that Alcoa Aluminum offers. What we have learned about working Aluminum is at your service. Aluminum Company of America, 2125 Gulf Building, Pittsburgh, Pennsylvania.



ALCOA · ALUMINUM

"BUSINESS GOING ON *As Usual!*"



A TRAVELING OFFICE!

A "desk" set up by the porter transforms this Pullman Drawing Room into your office on wheels. By day, a full length sofa is provided. And, at night—if desired—this may be made up into a comfortable bed. The section, of course, is quickly made into upper and lower berths. Complete toilet and laundry facilities are contained in a separate room.

A Pullman Room Is Your Private Office on Wheels... Where You Can Work as You Travel... and Travel While You Sleep!

Many a business man will tell you he can do more and better work on a Pullman than he can at his office!

Aided by complete privacy and quiet, you can concentrate on your business problems without that unnerving feeling that the phone is about to ring or that someone will come bursting into your office.

And, of course, a Pullman room is far more than just an office on wheels. When you're finished working, it serves as a private lounge, ideal for reading or dining. Or—if it's sleep you crave—try to resist the temptation of that soft bed, in a room whose cool cleanliness is assured by air-conditioning!

Mind you—all this happens *while you're traveling!* And now that more and more swift streamliners are in operation, it's possible to cover 500 and 750 miles overnight with scarcely the loss of a single business hour!

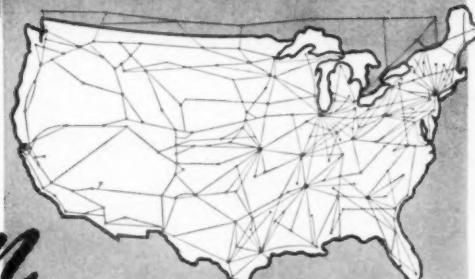
Moreover, there are no "ifs" and "buts" about getting there! It's a long-established fact that rail and Pullman offers the most dependable and safest *all-weather* transportation in the world!

★ ★ ★

Besides the Drawing Room illustrated at the left, Roomettes, Duplex Rooms, Bedrooms and Compartments are also available on many trains. Expensive? When two or more travel together, the Pullman cost is often no more than each would pay for a lower berth accommodation! For full details on the surprisingly low cost of going Pullman, see your ticket agent.

THE PULLMAN COMPANY, CHICAGO, ILLINOIS

CONVENIENT "Full Night" SLEEPING SERVICE!



Board your Pullman and retire long before it leaves. Sleep to a reasonable hour, regardless of how early the train arrives! In other words, enjoy a *full night's sleep*—even though the actual trip may take but 5 or 6 hours!

SEND FOR NEW BOOKLET listing points now served by Pullman's overnight sleeping car service—including those of immediate interest to you. For free copies of "How to Get 9 Hours Sleep on a 6 Hour Trip" write to Dept. NB-3, The Pullman Company, Chicago, Illinois.

Go Rail and Pullman

THE COMFORTABLE AND SURE WAY TO GET THERE... WITH ALL THE SPEED THAT'S SAFE!

THE MOST IMPORTANT FEATURE OF THEM ALL...

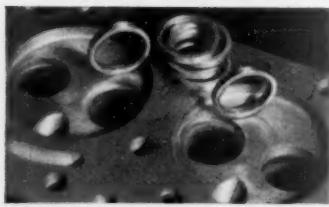
is the one that makes you money



The cylinders are individually removable and replaceable, making the engine as good as new.



All-steel cab, one-piece top, sides, back and cowl, welded into complete cab frame. Weather-tight, safe, comfortable.



Hardened exhaust-valve seat inserts retard valve seat burning, and the valves seldom need grinding.



Main and connecting-rod bearings can be quickly and easily replaced in all International Trucks.



If you happen to be mechanically inclined, go over International design and construction, inch by inch, and part by part. Then you'll understand why we call Internationals *all-truck* trucks.

You'll find feature after feature that have given Internationals their world-wide reputation. But the feature of them all is the one that Internationals will put in your cost records—the *lowest-cost hauling you have ever known*.

And it's this unequaled performance-per-dollar that sells more heavy-duty Internationals than *any other three makes combined*.

No matter what your hauling needs may be—city or town, farm or cross-country—there's an

International size to fit your requirements exactly. And whether you need a sturdy half-ton pickup or a powerful six-wheeler, you can always count on International stability, service, long life and economy.

Any International Dealer or Branch will be glad to give you the names of International owners you know in your own community. These owners will tell you, first-hand, the kind of performance they're getting, and the kind you can expect from International Trucks.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
180 North Michigan Avenue

Chicago, Illinois

INTERNATIONAL TRUCKS

Shake Hands with Our Contributors

REVISION of the tax laws is viewed by business men as one of the most encouraging performances contributed by the Congress. Even though business still feels that the new revenue act is no model of perfection it is accepted as a welcome relief from the burdens and inequalities imposed during the past few years.

Lawrence Stafford, a Washington news-paper correspondent who specializes in public finance and taxation gives a clear cut explanation of new provisions in the law and tells how they will be applied.

Paul Graham, head of Graham Brothers, a trucking company in Los Angeles operating about 100 units, found that his accident experience and insurance rating were far too high in comparison with other companies. Two years ago he established a safety system which has resulted in a 500 per cent improvement on both counts. The system, simple and inexpensive, is explained in detail with the thought that it will be helpful to many other firms who are troubled with transportation accidents.

Julietta K. Arthur is a free lance writer who became curious about goats when she heard of the health-giving qualities of goat milk. Faced with a lack of relevant information, she collected the facts for her article by visiting experimental stations, breeders and dairies. Her story gives fresh point to the recent statement made by Dr. Arthur Rodzinski, conductor of the Cleveland Symphony Orchestra, that he is ready to invade the New York milk market with goat's milk at 40 cents a quart.

Edward S. Cowdrick, familiar to NATION'S BUSINESS readers as a writer on personnel problems, finds that employers are becoming seriously concerned over the growing strictness of seniority regulations. He believes they offer a severe handicap to ambitious workers as well as to younger people in search of employment, and makes recommendations for meeting the problem.

James McQueeny has a broad background as a writer. He was a reporter for the Kansas City *Star*, has contributed to numerous magazines, served an advertising agency in an executive job, did radio scripts for WGN in Chicago, and was a member of the publicity staff for the Chicago World's Fair.

Kenneth Adams is field secretary of the Santa Ana California Chamber of Commerce. The business men of his city asked the Chamber to forget the usual "booster" phases of chamber work and tackle an excessive relief burden right at home. He believes that the way to ease the national relief load is for other communities to do the job at home.

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"When the last Machine Tool Show was held in 1935, I let one of our men go over. I thought he could look around and bring back all the information we would be interested in having. The first day of the show he called me up long distance. Told me I must come over the next day and bring three department heads with me.

"Well, I went over that night, and the next day I was on the long distance phone, but instead of three men I had six come.

It was one of the best things we ever did. We had the combined judgment of our principal key men in regard to the new developments and what we should do to profit by them.

"There will be twice as many of us this time. With the show lasting for ten days, we can have our key men stay long enough to do the thing right. And this year I'm going to get a couple of our directors over to the show if I have to 'shanghai' them to do it."

YOUR SMARTEST INVESTMENT TODAY...MODERN MACHINE TOOLS



MACHINE TOOL SHOW • CLEVELAND, OHIO

OCTOBER 4-13, 1939

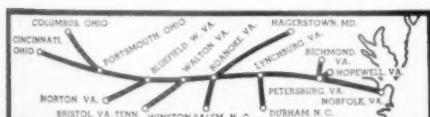
NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION
10525 CARNEGIE AVENUE, CLEVELAND, OHIO



THEY ALWAYS COME BACK

THE trainer tosses out the "pug" . . . "Fetch," he says . . . and the "pup" holding the "pug" proudly in his mouth, comes bounding back . . . through careful training this coming back each time has become a habit. Many coal dealers throughout the country are developing in their customers the "coming back habit" by selling them Fuel Satisfaction, the unexcelled coals mined along the Norfolk and Western Railway. They have found that customers who use this coal are invariably the satisfied ones . . . repeat customers . . . the kind that pay big dividends.

For advice on making your customers the repeat kind or for further information regarding Fuel Satisfaction, and for assistance in the solution of your fuel problems, telephone or write the Coal Traffic Department, Roanoke, Va., or any of the Railway's Coal Bureaus located at the following addresses: 833 Chamber of Commerce Building, Boston; 819 Marquette Building, Chicago; 904 Dixie Terminal Building, Cincinnati; 1161 Union Commerce Building, Cleveland; 1740 Book Building, Detroit; 1105 Reynolds Building, Winston-Salem; or any representative of the Railway's Freight Traffic Department.



NORFOLK AND WESTERN
Railway
CARRIER OF FUEL SATISFACTION

Through the EDITOR'S SPECS

Cause for Encouragement

CONGRESS adjourned. Biggest appropriations in peace-time history. With state and local spending, this is a toll of one-third present day production of all the people. Cause for apprehension, gloom, despair.

But there is, for the first time since 1933, a ray of hope. Encouragement! A heartening of the arteries! Congress is reasserting itself. It is slowly, cautiously—with an ear to the ground—resuming its prerogatives. Its power over the press, its control of appropriations. An independent third arm of government, direct representative of the people. After all, this logically is the first step on the return trip. Then economy, then a move toward budget balance, toward an end of deficits.

Thoughtful men see through the gloom of increased expenditures to a rising sun. They see the pendulum pause, preparatory to its backward swing. The law of political gravitation.

Great national movements turn tremulously, slowly. Congress is cautious, at the listening post. Back home today are your representatives, your agents. Are they hearing your voice?

Typists are not created equal

IN THE offices of a large English company an exceptionally competent secretary had gone the way of her sex, married and resigned. Afterward it was found that the only way to get her work done was to assign two girls to it. Seeking to justify this outlay to his superior, Major Urwin, the responsible executive, argued that great disparities exist among the individuals in any office—so great that one employee frequently turns out twice as much as another doing the same work alongside her.

How Major Urwin proved his point is told in a recent bulletin of the American Management Association. All the typists in the organization—more than 200 of them—were set to test copying of standard matter. In compiling their records a standard word deduction was made for errors.

It was found that the low-speed one-fourth of the force turned out an average net production slightly under half that for the upper fourth.

This proves once more—if proof were needed—how inefficient and unfair is any system that demands the same reward for all who labor at the same task.

Lexicon of neo-Liberalism

WHEN some historian sits down to write the solemn annals of this speckled decade he will find it profitable to examine its singular enrichment of the national vocabulary. True, it hasn't enriched much else. But the new lexicon of high sounding words and phrases to describe prosaic things probably will survive long after other monuments to the Reform Era no longer stand to plague its defenders.

Here's a small sample of a "liberal" glossary translated into American idioms:

Social Assets—The memories you treasure after a gay night out that ends with a headache and a flat pocketbook.

The Acquisitive Instinct—A queer, unsocial tendency to spend less than one earns. Once looked upon as not altogether bad.

Equality of Bargaining Power—Pick handles and Labor Board citations against logic and balance sheets.

The Democratic Discipline—Formerly the Tyranny of the Mob.

A Nation in Chains—Figure of speech substituting a part for the whole—the part being the 80 per cent who use alarm clocks.

The Dispossessed—Those who haven't any bank accounts but who would have if their "hidden talents" were recognized and rewarded.

Long Range Measures—Something which this generation contributes to posterity—and leaves the bill for posterity to pay. Like those gifts wives buy their husbands.

The Exploited—Workers "gypped" by not being allowed to share their employers' losses for the past nine years.

For emergencies only

TEN to one, if you live outside the capital, you don't know what the National Emergency Council is. The name seems to imply some sort of revolutionary tribunal. But really the N.E.C. is what Herr Goebbels

PIPE GIVES CITY \$100,000 ON 21ST BIRTHDAY



1917 This is the story of an event in the life of a cast iron water main installed by the City of Springfield, Ill., in 1917. It was originally a 24-inch force main to bring water from the Sangamon River five miles away, which function it performed satisfactorily for 21 years.



A new source of water supply was developed, making the 21 year-old cast iron main unnecessary. It was inspected and approved for use elsewhere. Here you see it being moved across town for reinstallation at a new site.



1938 Last year they re-laid this old cast iron pipe on its 21st birthday, saving the City \$100,000 over the cost of new pipe. Every length was in perfect condition for a century or more of additional service.

HIGH SALVAGE value is one of the three major economies of cast iron pipe, of which many cities have taken advantage. The greatest saving, justifying cast iron pipe's reputation as Public Tax Saver No. 1, results, of course, from long life and low maintenance cost.



Look for the "Q-Check" Registered trade mark. Cast iron pipe is made in diameters from 1½ to 84 inches.

21 year-old cast iron water main uncovered at Springfield, Ill., prior to being taken up, cleaned and reinstalled in a new location for a century of additional service.

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE,
RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO



CAST IRON PIPE

PUBLIC TAX SAVER NO. 1

would call a Ministry of Propaganda.

"Emergency" is a word to conjure with in Washington. Congressman Bruce Barton counted 39 national crises in six years that had been so labelled by high government officials asking for larger appropriations. So the name, National Emergency Council, is not without significance. Its job of capitalizing emergencies has been well done.

For the purpose of supplying "information" about the federal Government's activities, the N.E.C. has spent \$5,427,000 in its first six years. The nature of that "information" which it disseminates is well indicated by the report that Publicity Director Michelson of the Democratic National Committee feels resentful toward N.E.C. He is said to regard it as encroaching strongly on his preserves.

This year \$265,000 is being spent for films. Leading N.E.C. production is expected to be a dramatization of Paul de Kruif's "The Fight for Life," a crusading attack on the medical profession coupled with a call for health insurance and state medicine. Between \$50,000 and \$75,000 will be spent on this picture in the effort to prepare the country for Senator Wagner's health insurance measure, now meeting stiff resistance from the economy bloc.

Radio is another medium used by the N.E.C. to "educate" the nation. All program directors know about its electrical transcriptions; it is not considered good business for a station to disregard them.

Illusions

MOTORISTS who travel a road near Leominster, Mass., have been trying to figure out the mystery of a place where cars roll up grade and require power to climb down hill. Even water flows up instead of down.

We suggest that Chairman Eccles of the Federal Reserve Board go to Leominster by all means. He might discover a way to demonstrate how a nation can grow richer by continuing indefinitely to spend more than it takes in. And if he could take along Secretary Wallace another mystery of statecraft might be cleared up—the new paradox of scarcity that says people have only to produce less in order to consume more. It's just possible, of course, that after studying this phenomenon they would find, as did the Leominster motorists, that they've been victims of an optical illusion. But political illusions and hoaxes cost a pretty penny.

Fortunes for all of us

A FATHER offers a bit of horse sense to the youth movement:

Don't let your instructors cause you to lose any sleep over these "bloated fortunes," son. I wish we had more of them. When one man through wise investments—aided, we'll grant, by good luck in many cases—accumulates a few millions, he doesn't thereby take something from the rest of us. Don't think of him as a Scrooge guarding his money bags with a shotgun. Remember, in getting his, he has increased the wealth of the nation. Every one associated with him prospers. We all benefit by the work of every great industrialist.

The next time some envious, cracked, long-eared professor starts preaching to you about this dreadful maldistribution of wealth I want you to get on your feet and make him prove that the Lord plays more favorites in distributing wealth than he does in distributing brains.

Kangaroo court in session

THE National Labor Relations Board is one of those mongrel quasi judicial bodies that are neither fish nor flesh. It's much more quasi than judicial.

Here's more proof from the record in the case of the Christian Board of Publications at St. Louis, heard before Trial Examiner Peter F. Ward. Charles Y. Latimer was the attorney for the N.L.R.B. and Francis M. Curlee one of those who appeared for the employer. This passage is from the official transcript of the testimony:

Mr. Latimer: Whom was your conversation with?

Witness: Mr. Henry Gieselman.

Mr. Latimer: What did Mr. Gieselman tell you?

Witness: He came to my home about 10 o'clock Friday night . . .

Mr. Curlee: Your honor, I object to any testimony of this witness as to what Mr. Gieselman told him as hearsay.

Trial Examiner Ward: Objection will be sustained.

Mr. Latimer: Mr. Examiner, if the witness is testifying to what a man told him, that is perfectly proper.

Trial Examiner: That is hearsay.

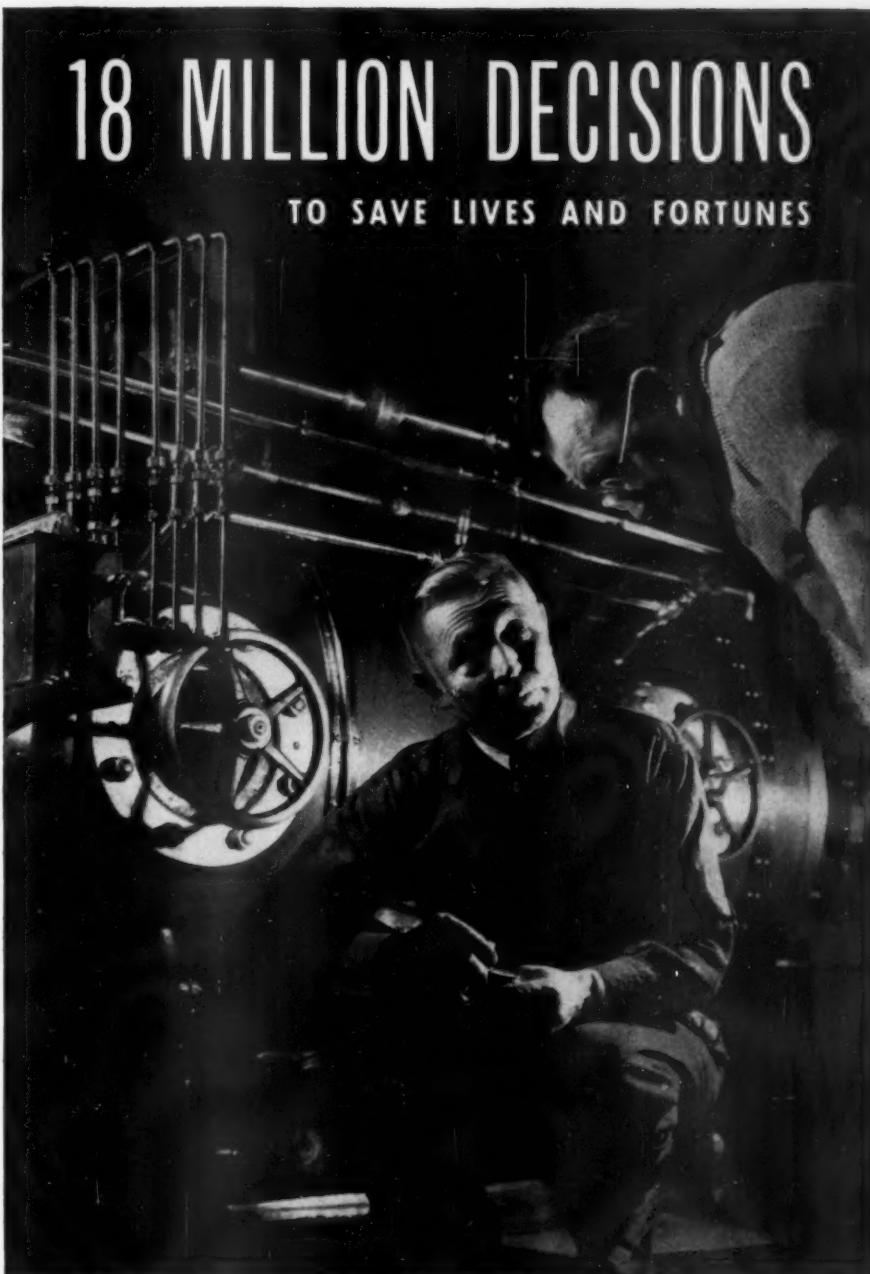
Mr. Latimer: If you are going to sustain that objection I am going to ask you—and I want this to go into the record—to recess the hearing until you can get the Board on the telephone in Washington and ask for instruction regarding this.

After considerable wrangling with the attorney for the Board, Examiner Ward did recess the hearing as the attorney had demanded. When it was resumed in ten minutes he completely reversed his ruling and permitted the witness to answer the disputed question. The inference is inescapable that during the recess the Examiner had been instructed in his "judicial" duties by the Board.

In a court trial that would be subornation or something equally unjudicial. But with N.L.R.B. it has become standard practice.

Hallie hears their voices

THE Federal Theater Project is no more. Authorized by Congress in order that those of the unemployed who



DURING 72 years devoted solely to safeguarding boilers, engines, turbines and generators, 18,000,000 Hartford inspections have called for 18,000,000 decisions. Many of these decisions have saved lives . . . forestalled disastrous breakdowns and explosions . . . preserved profits . . . added years of safe operation to valuable installations.

During the long time Hartford has been at this business, it has undertaken nothing else. All its thoughts and energies are devoted to doing one thing extremely well. The protective services of this oldest of American engineering insurance companies are not based on guesswork,

but on a vast volume of recorded experience which has familiarized its engineers with the meaning of symptoms which to others might have no significance.

To know, rather than to assume, is the watchword of a staff that feels keenly their Company's responsibilities to its policyholders. That's why industry chooses Hartford to protect a preponderant part of its insured power equipment and to shop-inspect 90% of its power boilers during fabrication.

Hartford's field force, unique home-office staff, and feed-water laboratory work together as one. Ask your agent or broker how they can work for you.

**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY**



HARTFORD
CONNECTICUT

Mass transportation means modern transportation



YOU'VE heard a lot about the modern wonders of *mass production*—how it brings down the cost of things you buy—how it makes possible most of the modern comforts we enjoy.

But did you ever stop to think that modern mass production would be impossible if there were no *mass transportation* to carry the raw materials to the factories and carry the products forth to every corner of the land?

The only nation-wide mass transportation in America is the railroads, with their 240,000 miles of super-highways built and maintained by

private enterprise, which link the nation together with bands of steel.

Over these super-highways travel some 1,760,000 freight cars—rolling up an average total of 13,000 miles per car each year.

These cars, linked together in trains and pulled by a single power plant, do a mass transportation job which no other common carrier could begin to handle.

The railroads do this job for an average charge of about one cent for hauling one ton of freight a mile—a shipping cost far less than the average charge made by

any other carrier providing general transportation service.

Isn't that what you'd call *modern transportation*—transportation able to carry all the products that modern factories can produce and modern farms can raise, and do it so smoothly that most people never give it a thought?

When you look at the record of the railroads and the job they are doing, you can see why government should give all "forms of transportation" equal treatment and an equal opportunity to earn a living.

A FAIR FIELD.
NO GOVERNMENT FAVOR
IN TRANSPORTATION

ASSOCIATION OF
AMERICAN RAILROADS
WASHINGTON, D. C.



disliked waltzing a shovel might tramp the boards and shout *Sic semper tyrannis*, it has been buried by the same authority to a doleful chorus of out-at-elbows thespians. Mrs. Hallie Flanagan, F.T.P. director, may now produce revolutionary plays with none to say her nay—that is, if she can induce enough people to pay to see them. If she becomes a private producer one show doubtless will be her "Can You Hear Their Voices?" Here is a sample passage of its Americanism:

Don't you see, it ain't Purcell that's wrong. It's the plan we live under; it's the whole system. Listen! Maybe I think, like you, that there'll come a time when there'll be shootin'. But today ain't the time. Maybe there'll come a time when we can stand on our feet like freeman, instead of crawlin' on our bellies askin' for help. But that time ain't come yet. Some of us believe in a time comin' when everybody will have to work and there'll be enough work for everybody. Some of us believe that the land and the crops and the cattle and the factories belong to the men that work 'em. But we ain't strong enough yet to take 'em. And that's why some of us think it's more important to work for that time than to shoot up a few rich guys now.

Tobacco in flavors

WE MET a snuff salesman the other day and learned something about his product.

It will be news to most readers that snuff sales have increased steadily since 1910. The South is the biggest consumer, owing to its large negro population, but snuff is used everywhere, by all sorts of people. You can buy it in drug and grocery stores in Chevy Chase, Washington's most exclusive residential district, and it isn't servants' trade either. In the Senate chamber there are snuff boxes that have to be refilled regularly.

Some of the customers sniff it up their nostrils and others roll a pinch and hold it in the mouth between gum and cheek. The latter is an art, but not too hard to learn, we were told. Snuff comes in various flavors. You may have your choice of raspberry, cherry, strawberry and a number of others.

Our salesman friend sells for C. W. Helme & Co., who have been in the snuff business for 114 years.

"Round and Round she goes..."

THE Institute of Public Opinion finds that 17 per cent of the population is now on relief and another 35 per cent would be in five months if they lost their jobs.

The Pacific Science Congress is told that low income groups don't get enough calcium; their bread, meat and sugar should be "spiked."

An Italian in New York brings his wife from Italy to place her on relief.

A friend lent him \$700 to make it appear to immigration authorities that she would not be a pauper, then after she was in this country he returned the money, they became paupers again and both went on relief.

Former Governor Stokes of New Jersey, although in financial difficulties, declines a \$2,500 pension voted him by the State Senate.

C.C.C. boys in a Nebraska town flock to beauty parlors for permanent waves.

A New Jersey contractor bidding on a storm sewer job set a price of \$33,765 if he did it alone, providing his own help, or \$66,478 if he were given the help of W.P.A. labor.

Now it's half the nation

SECRETARY Wallace recently invited 50 women—half rural, half urban—to come to Washington and tell him some more things that are wrong with the country. What they said is reported in *Consumer's Guide*, one of the government propaganda journals protecting the customer from the short-weight, short-change, poison-selling retailers.

One of the ladies (anonymous, of course) described how "shabby" the country looks from a car window travelling from St. Louis to Washington. Another said the people in Georgia are eating pepper grass "as their only substitute for vegetables and fruits." Then an expert in the Department told the women something they didn't know—that "half the population now have diets which will not furnish a satisfactory level of living." The "one-third of the nation" gloom dispensers really ought to get together with the "one-half of the nation" boys.

The right not to work

FOR 300 years that homely rule of life promulgated by John Smith of Jamestown has stood unchallenged in principle if not always in practice:

He who will not work shall not eat.

Now, from New Jersey is proclaimed a new principle that modernizes old John Smith. An unemployed plasterer who had been receiving relief for five years without any strings to it was cut off by the local relief director when he failed to come in and take a job after having been notified repeatedly to do so. He filed a complaint in criminal court alleging that the relief director was trying to force him into involuntary servitude in clear contravention of his constitutional rights. He maintained he had a right to relief and no one had the right to make him work for it. That would be slavery, he said, and slavery was abolished by the 13th Amendment.

It pays to know your Constitution.

Use it for New Products... to Improve Old Products

- Consider the use of KIMPAK* for that new product you are planning or to add new advantages to your present product.

This pure cellulose fibre product, which foremost manufacturers have, for years, been using as a packing material, has many unique properties. KIMPAK has a high degree of absorbency and porosity to fluids, gas or air; low density; laminated structure; flexibility; chemical resistance; ability to absorb sound and retard heat. Because of these numerous qualities KIMPAK is adaptable for use with other materials.

Like other manufacturers, you may find it profitable to learn more about KIMPAK. For a free portfolio of samples mail the coupon below today.

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Attention _____

Living up to the Greatest Name in Rubber

GOODYEAR EXPERIMENTAL FARM, Litchfield Park, Arizona — over 30,000 acres of wheat, cotton, oats, alfalfa, citrus, corn, cattle and sheep lands where Goodyear agricultural rubber products are developed and perfected in actual farm service.



Streamlining the Farm

OF all the new uses of rubber none, perhaps, is destined to have more far-reaching economic and social importance than the pneumatic farm implement tire. First pioneered by Goodyear eight years ago, its advantages have proved so signal that today 75% of all new tractors and a substantial percentage of all wheeled farm implements are being equipped with rubber. To say it is revolutionizing farming is putting it mildly—even in India and Java primitive oxcarts are now being drawn on Goodyear implement tires!

Why? Because any farm implement does more and faster work on rubber. With a fast-rolling Goodyear-tired tractor the same acreage can be worked in 25% to 50% less time than on hard-riding steel wheels—with less wear and tear to both driver and machinery—with less power expense. These time-labor-money savings decrease crop costs; increase net earnings; eliminate hours of drudgery; give the farmer a more abundant life. By such contributions to the common welfare Goodyear enhances its stature as the greatest name in rubber.



1839 · THE CENTENNIAL OF RUBBER · 1939

Great beyond all other names in rubber is that of Charles Goodyear—discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration and seeks by serviceability to deserve his name.

GOOD YEAR



The Bureaucrat Becomes Dictocrat

NOW comes a round-about official admission of a condition we have described in these columns during the past decade, a condition at once sapping the freedom of the individual citizen and destroying business enterprise, which is so sorely needed.

The admission comes from Senator Logan, of Kentucky, and Congressman Walter, of Pennsylvania—ironically enough, from men who helped by their votes to bring about the situation they now recognize and hope to alleviate, not by repeal, but by another layer of legislation.

The Logan-Walter bill is most significant. It proposes to give a citizen the opportunity to present his case to the courts, to have a trial by a jury of his peers. It offers a free man relief from the dictator (in a bureau, board or commission) who has deprived him of his freedom or his property.

The dictator is a natural development of the bureaucrat. The earlier bureaus of the federal Government did foolish and wasteful things. They "researched" and printed millions of pamphlets on "The Love Life of the Bull Frog," and "How to Pin Diapers on the Baby." But these were harmless extravagances; they were not invested with the power to legislate, to judge, and to deny judicial appeal. That development has come in the past ten years with terrifying rapidity, with more than 50 executive agencies, employing tens of thousands of men and women, now exercising the powers of autocracy. The bureaucrat has become dictator.

From a thousand examples of this alien practice, new to America, but very, very old in Europe, the case of Mr. Andrews, wage-hour executive agent of Congress, is typical. He announces that he has changed his mind and that employees receiving \$200 a month or more are no longer exempt from the Act. Here is a power given to one man, not elected, to compel citizens to work as he prescribes, to single out an individual or a group for punitive or favorable treatment. His whim or caprice may rule today, tomorrow he may be rewarding friends.

In this case there is not need of conjecture. Mr. Andrews slips in an admission that he is rewarding the labor union because "it has done such a swell job in helping me fight my battles."

A similar example of this departure from a government by written law and to a government by men is the Labor Department's instruction to federal employment agencies—public, tax-supported agencies—not to fill positions for those employers against whom there is a grievance pending, even though the grievance may be outside his plant, such as a jurisdictional dispute.

No business today, from steel maker to peanut vendor, has written sailing orders.

The law of the land is found not on statute books, but in the brief cases of a hundred thousand dictocrats.

The Logan-Walter bill confesses the disease but, instead of a prescription to eliminate the causes, simply adds another layer of law, shamefully admitting that a citizen today in this erstwhile land of the free, must, by a new law, be given the protection of the courts. A doubtful protection, indeed, when it is recalled that court reviews of the Wagner Labor Board's decisions have cost the citizen who appealed an average of \$26,000, and the sorry spectacle of re-enacting the trial by jury guarantee in the Bill of Rights.

Much can be said, and should be said, of the loss of personal freedom. But here we shall emphasize the point again, that one of the chief obstacles to a resumption of business enterprise is this new and un-American method of making the laws under which a business can carry on.

No matter how carefully a manager may sweat out an operating budget there is always a specter at his desk, the specter of a new rule that may wreck it completely. No skill, no vision can meet the additional risk of a ruling reversed overnight when a friendly group does "a swell job in fighting my battles."

Meredith Thorpe

Hooray America thrills to the Auto Shows



MORE than mere tools and machinery are needed to supply the annual thrill provided by America's automotive industry.

It takes men with imagination and determination; men with the enterprise to forget their past laurels and aspire to still further achievement.

Collins & Aikman Corporation is proud of the part it is privileged to play in this constant enlargement of car values. Over the period of the past 15 years, the forward strides made in upholstery fabrics for car interiors have truly matched those of the industry itself.

And, for 1940, a new fabric has been developed; a fabric unique in the luxury, the comfort and the durability it provides.

The name of this new fabric is canda cloth—and it's the direct result of hun-

dreds of thousands of dollars spent for research to develop the *ideal* automobile upholstery.

Canda cloth combines all the luxury, durability, and cleanability of velvets, with the smoothness of flat fabrics.

Its lustrous, soft surface is easy to move about on. Instead of the usual humdrum colors, canda cloth comes in a variety of fresh, new shades whose beauty is further enhanced by distinctive stripe and pattern designs. And, the porous backing of canda cloth allows free passage of air through seat cushions—which provides a cooler, far more comfortable ride.

You'll find canda cloth in many of the smart 1940 cars—at no extra cost. Not only will its luxury and comfort add to your new-car pride—but its ability to take long wear and repeated cleanings will boost your car's resale value at trade-in time!

★ ★ ★ ★

COLLINS & AIKMAN CORPORATION

200 Madison Avenue, New York City



Taxpayers Get a Break

By LAWRENCE STAFFORD

FROM a united effort of outstanding congressional and administration leaders, business received recently the largest measure of tax relief in seven years—and the promise of more.

The 1939 Revenue Act is notice to business men that Congress views the tax burden as an important obstacle to national recovery

Just at the turn of the new government fiscal year, the Revenue Act of 1939, which provides this relief, was put on the statute books.

The new Act is designed to help break the vicious circle: deficit spending, subsistence wages for reliefers, insecurity for business men as well as for workmen, consequent restricted industrial activity, and more spending to alleviate the distress caused by this set of conditions.

As far as it went, Congress did a

good job of modifying tax laws to meet the actual conditions under which business revenues are earned, and whereby a base is provided for taxation. On the Hill and in Treasury circles, however, it is admitted that only a part of the job has been done. This holds forth a promise that more may be expected in the direction of adapting the revenue laws to established principles of tax legislation and toward abandoning purely theoretical

programs adopted for social and economic experimentation.

Congress has provided that the last vestiges of the undistributed profits tax will pass on unmourned at the end of this calendar year

when it expires by statute. It inflicts a penalty of 2½ per cent upon the income which corporations, because of financial prudence or other considerations, do not distribute as dividends.

In place of this provision, the new act levies a flat corporation tax of 18 per cent, except on concerns with incomes of \$25,000 a year or less, which pay lower rates. This 18 per cent tax was made uniform as to most kinds of business. A "notch" provision was

inserted so that concerns just barely hurdling the \$25,000 tax bracket would not become subject to a sharp upward jump in their rate as a result.

Among the principal constructive changes which have brought the tax law more nearly in line with business accounting practice, are the provisions according a fairer treatment to business losses. For the past few years, the tax laws have discriminated in effect against corporations with widely fluctuating incomes and have favored concerns with stable incomes.

For example, a company might lose \$200,000 in one year, \$100,000 in the second, and in the third, earn \$600,000. Its annual average income for the three-year period was \$100,000 yet, under the previous law, it paid income taxes on \$600,000. A corporation making \$100,000 in each of the three years, on the other hand, paid taxes on only \$300,000.

Under the new law, net operating losses may be carried forward two years. The arbitrary limitation of \$2,000 upon deductible capital losses was removed, and apparently corporations may deduct long-term capital

losses (those resulting from the disposition of assets held longer than 18 months) in the same way as ordinary losses. Short-term capital losses—losses from the sale of capital assets held for less than 18 months—may be offset against corresponding gains in this category. If short term losses exceed such gains, the losses may be carried forward to offset similar gains the next year.

Most business is helped

THESE provisions are perhaps the most important concession made to business in the Revenue Act. Corporations of all types will benefit, but the advantages will be most apparent in the durable goods industries where, it is generally agreed, recovery has been slowest.

Tax treatment of inventories likewise has been brought into close harmony with modern accounting practices through the adoption of the "last in, first out" rule for the valuation of corporate inventories to determine gains or losses when computing taxable income.

This rule, which is very nearly standard business accounting practice, is simply business common sense. It works this way: A manufacturing corporation starts the year with a raw material inventory of \$1,000,000. It expects to use up—and replace—this entire stock of raw materials in the course of the coming year. Market prices go up, and it costs \$1,200,000 to replace the inventory. So the corporation figures its selling prices on the basis of the increased costs of raw materials and, at the end of the year, its inventory still shows a book value of only \$1,000,000. That is, the last goods into the inventory—those bought at higher market prices—were the first out, and on the books were charged to the use of current manufacturing operations and there was no extra profit due to price fluctuations.

But up to now the tax collector—except for a limited number of concerns—has said, "first in, first out." That is, the company began the year with \$1,000,000 inventory of raw materials and ended it with an inventory

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The Government's present tax policy of "Heads I win, tails you lose" does not encourage business to spend or promote new activities

How We Beat the Accident

Bug-a-boo

By PAUL GRAHAM



A driver's written report must check with the trip recorder. Time out is permitted—speeding, never

OUR insurance record presented a sorry picture in the spring of 1937. Underwriters threw in the sponge and gave up. They wanted no more of us. In the previous year for every dollar paid in premiums, covering 100 transportation units as they roared 3,000,000 miles along the highways of Southern California, the insurance company paid out \$2.65. And their losses were mounting.

Not one company in Los Angeles would offer a policy except at far-above-manual rates.

"Your truck drivers," they declared in what seemed a rehearsed chorus, "must enjoy smacking folks."

Too-frequent accidents justified their attitude.

About that time one of our drivers was involved in a crash which, investigation developed, was largely his own

Setting the trip meter on the dash



ANDREW BOONE

fault. I talked with him, and decided, after a brief study of his attitude, to keep him on the job, thinking habit bred by years of pushing trucks through heavy traffic would carry him along safely. The very next day he hit a car and killed two persons.

His was the last case of the kind to be faced by our company.

I knew he and some of the other drivers were hazardous risks, and resolved somehow to find a solution for the accidents which had virtually outlawed us among insurance companies. A simple statement tells dramatically of our success:

This year, instead of reporting a loss

William C. Cook, company official, pins the silver medal on a driver whose record shows two years without an accident



ratio of 265 per cent, the figure has been cut to eight—33 times less than that written into the books only two years ago.

Greater efficiency is, of course, the obvious and true answer. But the phrase covers a variety of approaches, the sum of which astounds us no less than our competitors. Merit badges, dinners, kangaroo court, mechanical trip recorders, physical examinations and man-to-man discussions with our Motor Transportation Operators—those have turned the trick.

Of course, we continued to find insurance coverage. After wearing out the welcome mat at nearby agencies, we found, 400 miles distant in San Fran-

cisco, an agent who somewhat reluctantly wrote a policy covering every unit of our rolling stock, including liability up to \$300,000 for a single accident, at manual rates. But:

"We want you to set aside \$3,000 for a safety program," patiently explained W. A. Barnes, their transportation engineer, "and we'll schedule monthly safety meetings until the accidents drop off."

One evening in May, 1937, company officials gathered with 100 drivers around the banquet table. Barnes arose to talk on the subject of, "Public Opinion and the Truck Driver's Responsibility." Most of the drivers remember this phrase:

Politeness and courtesy to the motoring public are more important than truck profits and company profits. Any time you fellows can prevent an accident but fail to prevent that accident—you are responsible, no matter who had the right of way.

There was something else I remember. He addressed them as "Motor Transportation Operators." From that day on, we have never carried a "truck driver" on our pay rolls. You will appreciate this psychological uplift as I get along with my story.

The germ of a program destined to succeed far beyond our dreams was born that night. Only two accidents

were reported in June, and the total was zero for July. So rapidly did our accident record improve that in the next year we held these safety banquets every other month, imposing no formality on the men other than a talk on safety by a judge, a state official or some one else able to give a few authoritative pointers. Now we call the men to dinner every 90 days.

A continuing program is needed

WHAT we have done, any fleet operator can repeat. But don't expect free food, a change in designation and a few speeches to do the job. These represented only our beginning.

Shortly after that first banquet, we awoke to another idea. If an operator can get through the year without an accident due to his own negligence, he deserves special recognition. We designed special identification cards, lapel pins and badges. One year, bronze; two years, silver; three years, gold. Most of the drivers won the bronze badge, nearly all this group now wear the silver badge, and next spring we expect all but a few to come up for the gold. Each year thereafter, perfect records will be rewarded with various stones imbedded in their badges until ten years of accident-free service wins a diamond.

I think we meet the truck operators more than half way in reducing their accident experience by working out schedules carefully. Before undertaking a hauling contract, the transportation superintendent checks the route by driving a loaded truck from plant to job and back again, through average traffic. If he checks 1.6 hours, we know the driver is speeding somewhere along the line when his time ticket records 1.4; or he's loitering at 1.8 hours.

In the cab of each truck we have placed a time-recording device, consisting essentially of a clock and graph. This instrument records driving time in tenths of an hour, and indicates closely speed as well. When installing them, we explained carefully to all whose written records were to be checked by these mechanical tell-tales:

We will give you a reasonable time for every trip, and insist that you drive neither faster nor slower on the average. We expect you to make normal stops for coffee and cigarettes, but when time is lost, leave it lost. Do not speed up between stops. It is our plan not so much to check up on you, but to gather other necessary information, as loading, unloading and trip time, speed between stops and mechanical and traffic delays. Each of these items you will note on your pencil records. Upon one point we absolutely insist: truth on your written record. A lie will bring instant dismissal.

Occasionally, though not often, a driver's graph will show one or two unscheduled stops with too-brief driving time between known points. We know then he's been driving like hell to catch up with his schedule. Speed, we know from experience, breeds accidents. Usually a conversation will bring the driver around to a reasonable point of view.

Trip meters do not serve as stool pigeons. This point I emphasize. We have no desire to catch employees in lies. Yet, with this mechanical check riding the cab, the driver knows he must find a good excuse for lost time. And men generally do not like to make

(Continued on page 65)



Accident causes are determined, future mishaps avoided by discussing collisions in the company's "kangaroo court"

Driver Herman Kroner
reports a puncture, most serious accident to this unit in 310,000 miles





Hurrah for the Chiseler!

WHAT'S this? Somebody praising the varmint we've all been shooting at? Maybe he's crazy. Or maybe he's not. Perhaps you've been a chiseler all along and didn't know it

MY NAME isn't signed to this article. The editor has promised that he will never disclose my identity. If it were known, the several thousand members of the trade association of which I am secretary would be howling for my blood. And they'd probably get it, too! But sometimes I feel that a frank discussion of what I believe to be a most important business and industrial topic would be worth risking a job for.

Who is a chiseler? I find today that business after business, industry after industry, is blaming all its troubles on what it is pleased to call the chiseler. Without exception, certain units in various businesses are seeking relief from this hazard. Mostly it appears that the relief they demand can be obtained only by legislation.

"Put the chiselers out of business!" they demand.

As a result, the word "chiseler" has become a first class epithet, dignified by use in the highest places.

Who is this chiseler? What constitutes chiseling? There was a time when I, too, held the so-called chiseler in high contempt, believed him to be a menace

and subscribed to the common and popular belief that his operations were vicious.

That was when I took the other fellow's word for it. Within the past year, in my own particular field, I have made it my business to know the individual and the conditions under which he operates. As a result, I have reversed the field.

Two views of chiseling

AS A rule—and this appears to be true in dozens of businesses and industries—the epithet, "chiseler," is hurled only by competitors and applied to a fellow business man or industrial leader. Strangely enough, the public, the ultimate consumer, the lady and gentleman who pay the bill, regard the alleged chiseler as a public benefactor.

Let's be honest about this matter. A chiseler, I find, is so called when he is

able to sell cheaper than a competitor. Why is he able to sell cheaper? How does he stay in business? Has he any commercial morals or any idealism? Is he a wife-beater? Is he a bad citizen and should his activities be curbed?

Frankly, I think he is a useful member of society. Consider the typical hero of American business and industry; isn't he the gent who made a better mousetrap? I'll bet that, when that mousetrap was invented, all other mousetrap manufacturers passed resolutions and sent indignant delegations to state legislatures saying that the scoundrel was a chiseler, taking an unfair advantage of the entire mousetrap industry and that a law oughta be passed declaring the better mousetrap illegal.

Go into any commodity field. Who is the chiseler there? The company making a better product and selling it cheaper! Entirely too often those who apply the epithet so frequently and unfairly are doing it to cloak their own inefficiency, their own lack of enterprise. Their own business is being ruined.

(Continued on page 61)

Out of the F



ACME

Hair, used for mattresses and horse collars, is a goat dairy by-product



WIDE WORLD

Although a cow gives about eight times as much milk as a goat, six or seven goats can be kept at the same cost and trouble as one cow



Goat barns need not be elaborate but they must be kept scrupulously clean and dry. Goats are finicky in their eating

WHEN the Sultan of Turkey gave his friend, the American Ambassador, a few prize Angora goats exactly 90 years ago, it is hardly likely that he foresaw the raising of goats as a major industry in this country. Yet, from that negligible beginning, has grown a national business which, in 1938, produced nearly 17,000,000 pounds of mohair clipped from the descendants of those famous Turkish goats.

Because of the demand for mohair fabric for automobile upholstery, the state of Texas alone produced in a single year approximately 14,000,000 pounds of this material.

But it is the Angora's European cousin, the milch goat, which has crowded to the foreground in the past few years. Commercial production of goat milk is one of the world's oldest agricultural industries but, until 25 years ago, it was all but unknown in America. In the past ten years it has taken a spurt, particularly attracting the attention of the small investor, and the farmer with either limited space or limited funds.

Ray Shaw, postgraduate student at Downey Union High School in California, needed money to see himself through school. Eighteen months ago he bought three milch goats after conferring with several doctors who were willing to recommend the milk to their patients because of its special properties. Now he has 33 goats, fine barns, a modern milk house with cooling system, yards and runs.

One of the three goat dairies now offering milk to New York City residents was started as a hobby by Freeman Prasse,

The Funny Page, Onto the Farm

By JULIETTA K. ARTHUR

THE GOAT—long the butt of humorists—is teaching Americans what Europe has long known: it is a helpful partner for those with limited capital

truck farmer of Staten Island. His dairy, comprising 15 Nubian milch goats, has been certified by the New York County Medical Milk Commission. Assisted only by his mother, Mr. Prasse now markets his milk—at 30 cents a pint—through dairy distributors. In a space hardly larger than a good-sized city lot, he is demonstrating what can be done in goat-raising on the outskirts of a big city.

Mrs. Carl Sandburg, wife of the American poet, has one of the finest goat farms in the country at Harbert, Mich. Her prize goats are shown at fairs throughout the United States and she collaborated with the University of Missouri in research designed to raise standards among goat-breeders.

Goat-raising is increasing

HERE are three typical examples of what is happening all over America today. In some sections, goats are helping to cut the cost of living by replacing cows on small farms and suburban lots because they are cheaper to maintain. Even if goats were not less expensive to handle, their milk would still be in demand. Many physicians claim that goat milk possesses special nutritional values, particularly for infants and persons suffering from digestive disorders, where cow's milk cannot be used with success.

Enthusiasts claim that the raising of blue-blooded goats is one of the fastest growing businesses in the country, enrolling thousands in "capriculture," and supporting three national organizations (the latest formed in 1935) and three magazines wholly devoted to goat news.

Although the industry is still small as compared with the great cow-dairy industry, commercial production of goat milk is no longer an experiment. According to Prof. J. C. Marquardt of the New York



EWING GALLOWAY

Although new in the United States, goat-dairying is one of the oldest industries in many countries where scenes like this are common



ACME

Goat milk raises little cream, is whiter, tastes much like cow's milk. Special properties make it valuable as food for invalids and children

State Agricultural Experiment Station, about 5,000,000 quarts of goats' milk are being consumed daily in the United States, representing about 5,000,000 milch goats, exclusive of bucks and kids. It is estimated that the annual retail value of goats' milk is more than \$250,000,000, and growing yearly.

The interest in this re-born old industry can be gauged by the fact that the New York Breeders' Association, which in 1934 started with 100 members, now has five affiliated associations, with about 700 members. And at a meeting of the Certified Milk Producers Association of America recently, a member of the Kings County Medical Commission reported that the use of goat milk in New York City had grown from virtually zero three years ago to about 1,500 pints a day.

If when you think "goat" you are reminded of that favorite stand-by of jokesmiths—the tin-can eating, alley variety, malodorous, bad-tempered and dirty—then you've never heard of the aristocrats of the industry, such as those on A. F. A. Konig's Milkdale Farm at Newtown, Conn. In 1937, 800 visitors from 23 states viewed his model goat dairy. Barns are immaculate, animals are given blood tests for disease, milk is checked regularly for sediment and bacteria, workers get medical weekly examinations, all utensils are sterilized, and each goat's udder is washed with germicide before every milking.

Miles away from the cartoonists' "common," ugly, long-horned creature, are the four chief milk-producing breeds, the Nubian, Alpine, Saanen, and Toggenburg,

all importations. There is no best breed of dairy goats. Well-bred individuals of each of the four leading breeds will produce considerable quantities of milk, although the highest official test on record in the United States was made by a Saanen doe that produced 4,161.7 pounds of milk in nine months and ten days, an average of 6.9 quarts a day.

A new variety sought

EXPERIMENTS now under way are expected to lead to the development of a goat that will be both a wool and milk producer. So far the Angora has proved almost worthless as a milker, while the milch breeds have not been good wool-bearers.

The "common" or American variety will rarely be found in dairies. However, both the Government Bureau of Animal Husbandry and the New Mexico Agricultural Experiment Station have experimented with grading up common does with pure-bred bucks of milk breeds, and at the New Mexico Station the milk production increased in one instance from 522 pounds for a native doe to 1,060 pounds for a descendant of a native doe that had a pure-bred Toggenburg sire.

Good grade does can be bought from

\$35 to \$75; pure-bred does sell from \$100 to \$300, and pure-bred doe kids from \$50 to \$100, buck kids from \$35 to \$75. The Department of Agriculture reports that feed costs at its experimental station at Beltsville, Md., were between \$10 and \$15 a year, but the average for the private dairy is more likely to be ten cents a day. Some goats produce as little as a quart a day, the average is two. Good milkers can produce three quarts—prize-winners considerably more.

Prices vary, depending on the local market and the demand, which at present, unlike the sale of cows' milk, is largely a matter of development by the individual goat-dairy man. The poorest quality of milk sells occasionally as low as 15 cents a quart, while the best brings as high as 60 cents—the current retail rate in New York City.

The American Milk Goat Record Association, oldest in the field, which now has 58,582 registered animals on its rolls, says that novices of limited means may start with a first-class buck and a few choice does, or even use the services of a buck at a near-by stud to reduce the initial expense. They report a rapidly growing demand for the highly-improved American stock for export, particularly to South America. Goat-breeders have, from the beginning, generally been in a favorable position, because good stock for foundation herds is rare, and foreign importations have been greatly curbed by entry regulations.

Goat-breeders have one advantage over the cow dairy-men in that usually goats are born in pairs. Triplets are rare, and quadruplets something to land the lucky goat-owner in the local newspaper. However, last year a prize goat belonging to J. L. McFall of St. Louis produced a set of quintuplets which caused almost as much excitement as the birth of the famed Dionne babies.

The first question any new-comer to the industry asks is "What will be my profits?"

Mearle Rhinesmith, owner of the Yokelawn Goat Dairy at Wanakena, N. J., says, "The profit from a well-managed, well-bred dairy goat is probably greater than from any other animal." Mr. Rhinesmith ought to know. He owns Chrystal Helen, world record Toggenburg. She produced \$953 worth of milk by the time she was three years and seven months old.

However, Mr. Rhinesmith, in common with all goat-breeders, views with alarm the sudden rush of amateurs who think all that is needed to earn a quick fortune are a few \$5 goats, a brush patch, a tumble-down shed, and a handful of oats a day.

The average beginner buys any kind of stock which has been well-adver-

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ACME
Many goat farms start on a shoe string but novices are warned that profits depend on proper equipment and work



The Riddle of Employee Seniority

By EDWARD S. COWDRICK

PROBLEM of older workers puzzles employers who favor service recognition, but worry about training of new men

IN present day dealings between management and labor, one subject is monopolizing a growing amount of time and attention, often causing more grievances and more arguments than arise over wages, hours, or union recognition. That subject is seniority.

Workers and their representatives show increasing concern over the selection of employees for layoff, rehiring, and promotion, and the relation between this selection and length of service. Employers experience growing difficulty in making adjustments in working forces by any method that does not grant complete recognition to the supposed rights of senior employees. Many union contracts prescribe strict formulas for effectuating the seniority principle. Many employers voluntarily make similar regulations without union pressure.

In the language of the workshop, seniority is the term used for any arrangement under which length of service is considered when employees are laid off or promoted. In its simplest form it means that, in every case, the workers longest in service will be the first to be promoted and the last to be laid off. Often, however, seniority is modified by other elements such as efficiency, citizenship, or number of dependents. Application of seniority may be limited to a single shop or a single geographical area. It may be plant wide or company wide. Formal agreements relating to seniority apply mainly to the rank and file of workers and rarely limit the employer in selecting men for promotion to supervisory or executive positions.

Tacitly, however, the same principle often is used throughout the business organization, with a more or less clearly defined sequence of promotion, all the way up to the presidency or the chairmanship of the board.



EDWARD F. WALTON

Recognition of seniority is nothing new. To a greater or less extent it has prevailed in industry as far back as we have any records. Moreover, it has not been limited to private employment. Seniority has been a potent factor in government service, in armies and navies, in schools and churches, and in the assignment of committee posts in Congress. Employers' industrial relations plans—pensions, insurance, profit sharing and the like—often have given distinct preference to employees of long service. Why, then, has the subject come to the front so persistently in the past few years?

Seniority in railroads

IN American industry, seniority first received wide formal acceptance on the railroads, where, as early as the 1880's,

workers' organizations began to insist upon job tenure according to length of service. These early demands for seniority had the purpose of combating the favoritism and partiality then widely prevalent in some railroad official circles. Today most contracts between railroad managements and unions include ironclad seniority clauses covering both layoffs and promotions, so rigidly drawn up and enforced that neither managers nor individual employees can influence job distribution.

In other industries during the first third of the twentieth century, the seniority principle attained greater or lesser recognition and was accepted with reservations by perhaps a majority of employers. Rarely was it a subject of controversy. Company policies frequently combined seniority with



There is menace to society in a situation which dooms men to drift from job to job or when young applicants are considered as outsiders

other qualifications, sometimes providing that, in promotions and layoffs, length of service, number of dependents, citizenship, and ability to do the job should be considered, with greatest stress upon ability. When ability was the determining qualification, employers usually tried to retain, as a responsibility of management, the final judgment as to the relative efficiency of employees. In some cases, however, appeals from this executive prerogative were permitted or competitive examinations were used in selecting workers for promotion.

Then came the depression and the New Deal, with an accompanying

growth of unionism under the encouragement of the federal Government. Unemployment threatened to become chronic. At least for the time being, there were not jobs enough to go around. A place on a pay roll became a vested interest—an asset so valuable that it was not to be yielded up except under compulsion or at the bidding of some extraordinary incentive. Workers almost ceased to drift voluntarily from job to job. The young, the middle aged, and the elderly competed among themselves for the available work, with those in the lowest and highest age brackets suffering severe handicaps. The aged became vociferous in their

insistence upon economic security, whether through pensions or through job preference.

At the same time, in the struggle of labor unions for recognition, employers often were accused of discriminating against union members and union officials in hiring and dismissal. Unions, therefore, became more insistent on seniority rules, partly to retain jobs for their members in competition with outsiders, and partly to prevent discriminatory discharges. Even in new unions, with membership predominantly young, the instinct to protect the older workers often was strong enough to determine policies and demands. More and more, the unions came to insist upon "straight" seniority, unmodified by consideration for dependency, ability, or citizenship. The employer's demand for the right to retain and promote the most efficient workers was granted partially and grudgingly, if at all.

Fixed rights of seniority

THUS in the past few years a situation has grown up in which seniority regulations in American industry have become more important than ever before. Increasingly those regulations are embodied in union contracts and thus cannot be changed or abolished at the will of the employer alone. Business executives, specialists in management, and many employees are asking serious questions as to the probable extent of this trend and its ultimate economic and social consequences.

With the fairness of the seniority principle in general, few are disposed to find fault. Human nature almost instinctively accepts the view that a man long in service should not be ousted to make a place for a beginner or a person who happens to have a "pull" with the boss. That in times of layoff those with short service should be the first to go, other things being anywhere near equal, is taken as a matter of course. Within reasonable limits, most employers favor seniority. They believe it makes for efficiency, loyalty, and morale. Many companies deliberately adopt means for reducing labor turnover and encouraging lifetime service. But, when seniority rules become so inflexible that they have to be enforced regardless of individual hardships or adverse effects upon the business, thoughtful observers in the ranks both of labor and of management may be justified in asking whether the trend has not gone too far.

In studying this question it is worth while to note the effects of seniority observable up to now. At the start it should be conceded that observance of seniority has made jobs more secure and has reduced nepotism, favoritism, and discrimination. Foremen and su-

perintendents have been forced to give more careful consideration to the rights of employees and to avoid arbitrary and capricious discharges. Particularly, seniority has added to the security of the older employee who, in the absence of some protection, might find himself at a disadvantage in competition with younger and more vigorous job seekers.

By building up a feeling of security, seniority doubtless has had valuable psychological effects, fostering contentment and peace of mind with consequent labor stability and efficiency. By reducing labor turnover, it has helped to eliminate what formerly was an important element in costs. By insuring retention and advancement based upon length of service, it has encouraged the faithful and plodding employee who otherwise would be in danger of being surpassed or crowded out by more brilliant and less stable fellow workers.

Disadvantageous for young

BUT with all this there have come some disadvantages. Among the most serious is interference with the job prospects of the young. Applicants for beginners' jobs frequently are told that many laid off employees are still without work and that, until all of them have been reabsorbed, there will be no chance to hire outsiders. Rigid observance of the seniority principle probably is responsible for much,

although not all, of the serious problem involved in finding jobs for young people when they leave school.

Even if he gets a job, the young employee cannot consider himself established in life, since in a time of slack business he will be among the first to be laid off. This means that, at the very time when they ought to be settling down as stable citizens and heads of families, thousands of young men are shifting into and out of jobs without staying long enough anywhere to build up security or genuine value to their employers. There is menace to society in a situation which dooms men to drift from job to job and into and out of employment until they have become middle aged.

Along with these industrial handicaps of the youthful worker, there has come a by-product which may have serious consequences for industry. This is the decline of apprenticeship. During the prosperous years of the past decade, employers found it difficult to induce boys to undertake apprentice courses because then well-paid production jobs were so plentiful that learning a skilled trade looked like a waste of time and a loss of wages.

Now the difficulty is of a different nature. Not only is there a scarcity of jobs for the inexperienced youth, but there is not even any assurance of employment for the boy who has completed an apprenticeship course. The complaint is general that there is little incentive to learn a trade so long

as all the available jobs are held by mature workers who are protected by seniority.

A handicap to promotion

ANOTHER count in the indictment of a rigid seniority system is that it interferes with the retention and promotion of junior workers with potential capacity for leadership. When slack business makes layoffs necessary, it may happen that the man who is being groomed for a foremanship or a superintendency has to be let go, while fellow workers whose capacity obviously is limited to routine operations retain their jobs. Some companies, after spending much time and money in recruiting and training college graduates of exceptional promise, have found it necessary to release them after only a few months of service.

This situation becomes even more serious if the seniority rules extend not only to layoffs but to promotions. It is true that under most rules, even those in effect on railroads, a senior employee is expected to be qualified to do his job satisfactorily, but this does not get to the heart of the problem. A man who is exceptionally capable on a routine job may lack the qualities of initiative and personality that are essential in the future executive. Even tests of ability for doing a higher rated job rarely measure these psychological and temperamental qualities. Some

(Continued on page 67)



Employers and workers' representatives must consider all factors and find common ground

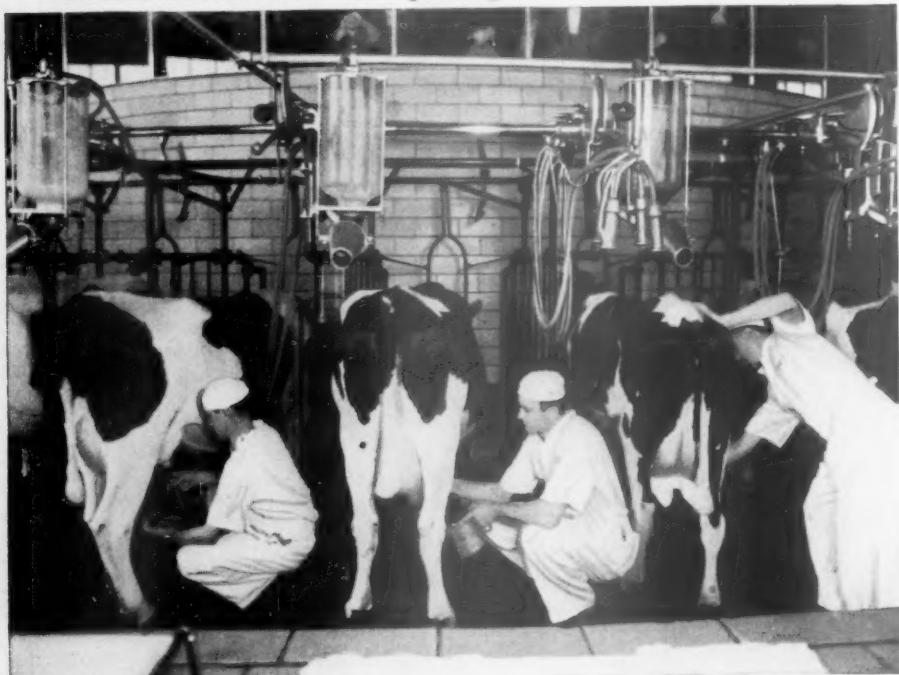
Air Conditioning Takes On More J

By JAMES McQUEENY

INGENIOUS minds are continually finding new ways to increase the usefulness of this new industry



Air conditioning is not only a boon to hospital patients, but a great convenience to doctors in the operating room



The milkman himself enjoys the pleasure of working in cool surroundings in mid-August, but bossy likes it even better

AIR CONDITIONING has become a citizen of the world.

Born in the mind of an American engineer and cradled in the textile industry, it now girdles the globe, finding application in many unusual, sometimes bizarre, ways.

To the average person, air conditioning means merely "cooling." He's acquainted only with the personal comfort it gives him while he's enjoying a motion picture, a railroad trip, or dinner in a restaurant. In reality, however, its functions are boundless, its versatility amazing.

You'll find it in a television studio 1,200 feet above Fifth Avenue and in a South African gold mine 8,600 feet below the ground. The quality of cigars and cigarettes made in a factory near the Arctic Circle is improved by man-made weather, and thanks to it, a herd of milking cows in Singapore is kept contented.

London's bomb- and gas-proof cellars are completely air conditioned. In Germany, engineers are using this comparatively new science in drying storage battery plates, to manufacture shoes, pipe tobacco, precision machinery, for acetone recovery, celluloid drying, and in the manufacture of playing cards.

The duralumin that goes into Russian airplanes is being aged at a temperature of 15 degrees Fahrenheit by tailor-made cold. Silk cocoons of Japan are cultivated in air-conditioned rooms and the personal comfort of workers in one of that country's coal mines has been provided for in the same way.

Work despite the weather

IN semitropical climates, steel rolling mills and other industries involving high temperatures no longer have to shut down for part of the year. India's Tata Steel Mills, largest in the British Empire, which formerly had to cease operations during the monsoon season, now operate continuously. An Egyptian motion picture studio, a moshie shot from the pyramids, now carries on its production schedule without regard for outside weather. In Cairo during the summer of 1937, engineers won a race against time in getting a cooling unit into the Hall of Parliament for the coronation ceremonies of King Farouk I.

Oil scientists working along the Persian Gulf Shores of Saudi Arabia found no relief from the intense heat until two

Jobs

Textile mills were among the first to attempt atmospheric regulation



It has been thought impossible to keep baby pandas alive in captivity, but this cute trick thrives in his air-conditioned castle

specially made portable refrigerating machines were shipped to them to cool their field offices, sleeping quarters, and recreation halls.

Assembled on structural steel frames, these machines, weighing 9,040 pounds complete, may be moved from one field to another on trucks.

If you plan a trip across the Arabian Desert, you'd better wire ahead so you'll be sure of a place on the *de luxe* air-conditioned sleeper buses that ply the 600 miles between Beyrouth, Damascus, and Bagdad.

On the equator in Sumatra, a telephone exchange has its own weather making facilities; so has a hospital in Mexico, the first in the world to be completely air conditioned. A primary school in Venezuela holds a similar distinction and in Buenos Aires 14 large apartment buildings have indoor weather.

Passengers shuttling between Dutch East Indies and the Netherlands no longer



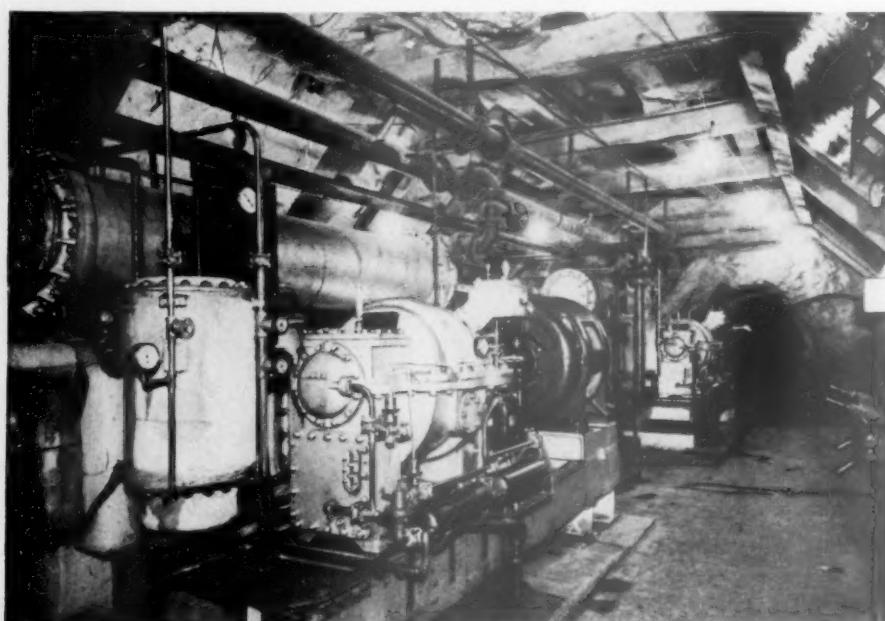
Shopping for furs in midsummer becomes a pleasure when the sales rooms are equipped to keep the shoppers cool under any circumstances



Business colleges have adopted air conditioning to improve students' efficiency. Public schools and colleges offer a vast, potential market



Strikes and spares are just as much fun in summer as in winter when the bowlers roll in these air-conditioned alleys in Cincinnati

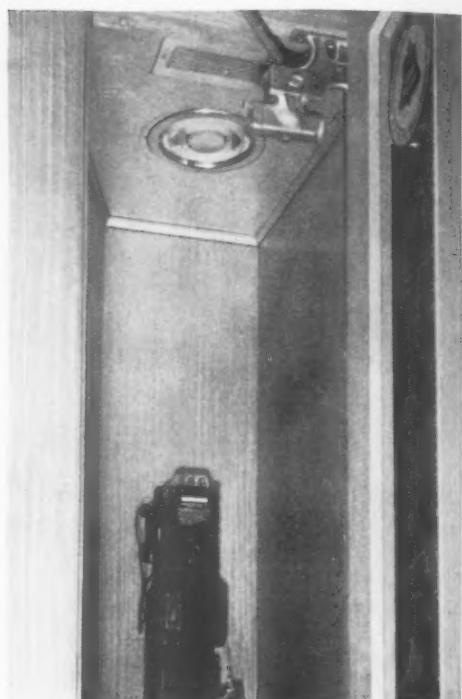


This equipment forces conditioned air through every shaft where men are working in the Magma copper mines in Arizona

have to swelter during the dog days in the Red Sea since the Sultan of Langkat paved the way for cooling on the Netherland Line by having a portable unit rigged up in his cabin when he went to the 40 year Jubilee of Queen Wilhelmina.

Six dining-rooms, the main lounge, and barber shop on the Queen Mary are air-conditioned by three separate systems with a cooling capacity equivalent to the melting of 500,000 pounds of ice daily. The Normandie's plant, a trifle smaller, has made possible an innovation in marine design, that of placing the dining room in the center of the ship and surrounding it with outside state rooms, which produce a greater revenue.

A quick tour of the world reveals that commercial air conditioning has invaded practically all countries, embracing more



Now you can keep "cool as a cucumber" in a phone booth

than 75 different fields. For human comfort, installations can be found in more than 115 countries and colonies. Approximately 200 American industries look upon weather controlling machinery as a profitable, frequently indispensable, tool in their operations.

New jobs for air conditioning are bobbing up almost daily. A California winery installed equipment to control fermentation temperatures and was able to produce the equivalent of a five year old wine in one year. Low temperature units have been adopted for pre-cooling fruit and produce cars used in shipping perishables.

A Missouri theater has found that its organ plays more sweetly and needs less tuning since air conditioning was installed. Because dirt and dry air con
(Continued on page 72)

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CHARLES DUNN

Relief costs, old age pensions, taxes, governmental interference, are new and exacting worries that can't be dodged

A Community Revises Relief

By KENNETH E. ADAMS

SECRETARY Howard I. Wood pressed a button on his desk at the Santa Ana Chamber of Commerce in Orange County, Calif. With that act, six months ago, he started a campaign for economy in government, to take politics out of relief and pensions, and for return of government to the people in their local communities.

Already the campaign is on its way to becoming a powerful, state-wide movement. It helped the "economy bloc" in the California legislature to set the spenders back on their heels. Even more important, it has proved definitely that business men and farmers now can be united to fight against destructive practices in government.

There was no fanfare of publicity when Wood touched the buzzer in his office. No one heard the sound but his secretary. Wood had been doing a lot of thinking about business and its

WHEN the excessive cost of relief is shown to the average citizen in terms of his own pocketbook the lesson is potent. Santa Ana, Calif., did the job and got results

troubles. He dictated to his secretary a simple question which went out to the 400 members of the Chamber. The question was:

What is the biggest problem confronting you and your business today?

The almost unanimous answer was: Government!

Relief costs, old age pensions, taxes, governmental interference with the normal course of business—these were the almost insurmountable problems of the average small business man.

The sentiment was so overwhelming that the Chamber of Commerce

accepted these replies as a mandate from its members to start hewing away at taxes, red tape, politics and professional relief chiseling. It was clear that scant advantage could be gained if the Chamber's work boosted retail sales ten per cent in a year as long as tax increases in the same period ate up 20 per cent of the returns. And yet, what could a Chamber of Commerce in a city of 40,000 population do about it?

More questionnaires went out. The Board of Directors held special meetings. The Chamber installed a research bureau and started digging out

the facts about relief, pensions, taxes and governmental costs in general. It made some important discoveries. For one thing, the spenders and professional chiselers cannot endure the spotlight of publicity. The Chamber turned on the light through the newspapers. Then things began to happen.

The research bureau discovered a family in Santa Ana which was receiving more than \$260 a month in relief checks! Nearly every member of the family except the mother was receiving checks from the C.C.C., N.Y.A., S.R.A., W.P.A. or some other public relief agency. And the mother was working at a private job, as well.

The total possible income of this one family was approximately \$600 a month. Exposure of this case led to prosecution of the father in court, and he was ordered to restore part of the money he had been receiving. Since the Chamber revealed this case officials have been more active in uncovering others.

In two months of the early stages of the campaign the State Relief Administration case load dropped from 2,200 to 1,600 in Orange County. This was just a beginning, but it showed what could be done. What encouraged the Chamber was the fact that its

revelations had aroused the community, the county and the state. News of what the Chamber was doing spread across the nation and stimulated inquiries from as far away as New Jersey. Officials of farm organizations approached the Chamber with offers to help. For the first time in county history, business men and farmers found that they had a common cause and a common fight to wage. Both groups realized that, to save themselves, they had to join forces.

Solving the problem at home

MEANWHILE the Santa Ana Chamber went right ahead.

It said:

If we can stop the growth of this relief monster, we can save ourselves and perhaps our state and nation. If we can make a dent in the problem at home, then it can be done "at home" in every other city and county.

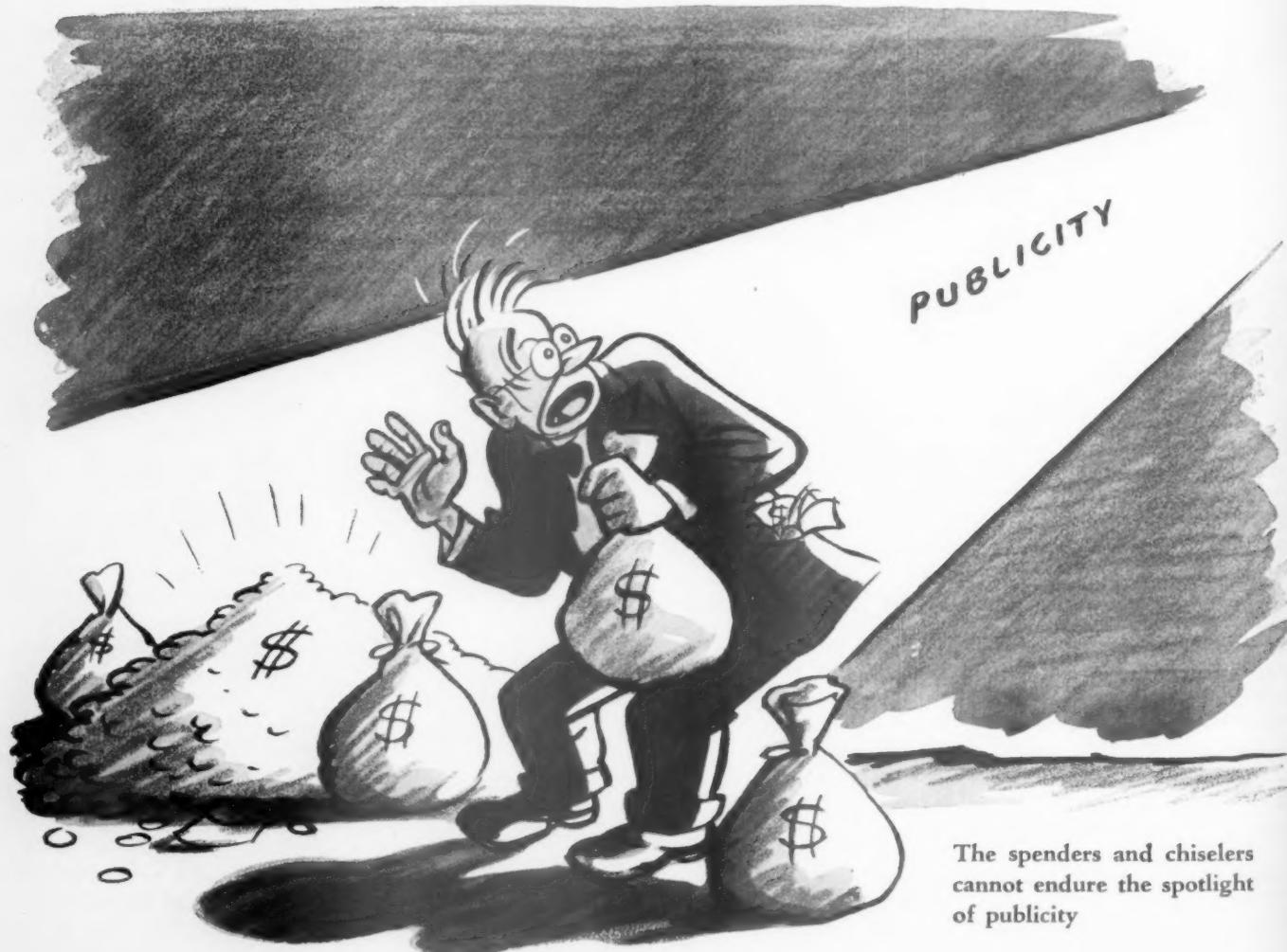
These men realized that to do this job it first would be necessary to return absolute control of relief and all other governmental functions possible back to the counties. The thing that particularly impressed them was a statement of Thomas Douglas, county

director of the Department of Social Welfare, that only 17½ per cent of the entire relief load in all categories handled through the county welfare department is under the Department's direct control. The rest is controlled through state and national regulation. Out of 64 employees in the welfare department, only four work on relief cases controlled by the county. This called direct attention to the extent of control taken over by other governmental units.

It became evident that the Chamber would need powerful support to correct the evils it was attacking. And so the second stage of the campaign was launched! On May 8 the Chamber sent out a special bulletin containing suggestions for combatting the "pressure groups, politicians and radicals who have a ring through the taxpayers' nose and are leading him to slaughter." This was the program:

1. Withdraw relief from aliens.
2. Give relief in goods and services, not in cash.
3. Suspend automobile licenses for driving held by reliefers.
4. Restore control and financing of relief to local communities.
5. Change administration of relief to embrace only the necessities of life.

(Continued on page 74)



The spenders and chiselers cannot endure the spotlight of publicity

HOW TO LOCATE HANDICAPS THAT SLOW UP WORK IN THE OFFICE



In a large or a small office,
the first job is to study the
work being done at each desk



Only by surveying the work being done at each desk can you determine whether or not your employees are handicapped by a routine that causes expensive bottlenecks, annoying peak periods, unnecessary duplications, or other needless, costly operations. To help you make such a survey in your office, Burroughs offers you a copy of "Ways to Save Time in an Office," containing definite and practical suggestions.

GET YOUR FREE COPY

The demand for this new booklet from executives in every line of business has already necessitated a fourth printing. You can get your copy by calling your local Burroughs office. Or, if you prefer, write on your own letterhead to—



BURROUGHS ADDING MACHINE COMPANY

6009 SECOND BOULEVARD, DETROIT, MICHIGAN

Burroughs

Do Less Work and Cut Costs

By EZRA W. CLARK



COPYBOOK maxims have always insisted that the way to succeed in business or life was to work harder. Mr. Clark has a more attractive proposal. He explains here a new system which calls for less effort but at the same time leads to increased efficiency in the movement of materials

Obviously, a large part of the cost of a manufactured article is labor cost. That affects dividends, management income, the price the consumer pays.

The labor included in the 80 per cent works under set rules. Its hours and wages are controlled by legislative enactment. Its duties are governed by jurisdictional regulations.

More productive workers

THE remaining 20 per cent—what kind of labor is that? Well, much of it is "common"—men sweeping floors, emptying ashes, repairing roofs—and handling material—in some plants 18 out of 20 non-productive laborers are engaged in internal freight handling. (In fact in certain plants 25 per cent of all labor is engaged in material handling.)

If, by improving system and equipment, just five of the 20 men could be transferred from non-productive to productive jobs, that would mean an economic gain for every one, including labor and management.

Here is the spot where more efficient methods can be adopted, where costs may be cut.



Material handling, using most of the non-productive labor of the average plant, is needlessly expensive because of:

1. Poor packaging.
2. Poor routing.
3. Unnecessary rehandling.
4. Inadequate mechanical aids.

Correct these faults and everybody profits.

A new system of transportation proposes to stop leaks all along the line by increasing the efficiency of material handling methods. The system is flexible, may be readily adapted to any number of differing conditions. It is based on the fact that cost can be cut by not lifting or carrying an ounce of material an unnecessary foot.

A typical case will explain the system.

We'll say a Detroit automobile manufacturer is contracting with a Pennsylvania glass plant for a year's supply of window glass for its cars. (This is an actual case.)

The purchasing agent obtains the specifications from the engineering department, then contacts the production superintendent on details of delivery. He studies, with the production



WHEN this world was made, practically everything was providentially misplaced.

Thus we have Transportation.

It used to be that cotton grown in the South was all shipped elsewhere for spinning, lumber cut in the Northwest was shipped east for finishing.

Raw materials are still generally moved from point of origin to processing plants close to consuming markets. The long arm of power, however, has extended its reach and much raw material is converted into semi-finished product near its source. Then the semi-finished product is shipped to other plants to make up the finished product and shipped to distributing centers and finally to the ultimate consumer.

That's inter-plant transportation.

There's also intra-plant transportation—the movement of materials and parts from a hundred different plant sources to the assembly line—the movement of finished goods from production to storage, from storage to freight car or ship.

Both types of transportation are essential to modern civilization.

Both types use modern equipment and both types still use a vast supply of unskilled labor—the type that is referred to in the efficiency charts as "non-productive labor."

If this "non-productive" labor could be rendered more efficient every one would profit. To simplify the problem, let's take an average American factory. Of the total pay roll, perhaps 80 per cent may be classed as productive, 20 per cent as non-productive.

How do you arrive at the cost of life insurance?

A LOT OF PEOPLE ASK THE QUESTION, "How do you figure out what my life insurance will cost me?"

As you may know, life insurance calculations are made by Actuaries—men skilled in the science of life insurance mathematics. But you don't have to be an Actuary to understand the basic facts about the cost of life insurance.

Three factors enter into the cost of life insurance. They are: (1) *mortality*; (2) *interest*; (3) *expense*.

First, let's take up *mortality*.

In insuring a group of people of a given age, a life insurance company must be able to approximate how many of the group will die each year—and, hence, how much money will have to be on hand to meet the claims that will fall due each year.

How many will be living . . .



Knowing approximately how much money will have to be paid out in death claims each year is an important factor in figuring the cost of life insurance.

To determine this, the company uses a mortality table adapted to the type of risk represented—a table which is based on the number of actual deaths as experienced in past years in similar groups.

The company could, of course, collect just enough money in premiums each year to pay the claims expected for that year and to cover the cost of doing business for the policyholders. But this has not proved a satisfactory method in the past.

As adults in a group insured at a given age become older, the death rate increases. Hence, the claim rate also increases. Obviously, the number of people in the group left alive to pay those claims constantly decreases . . . and the cost to the

survivors eventually would become prohibitive.

A life insurance company, therefore, works out a "level" premium to be paid by each member of the group each year. This "level" premium amounts to somewhat *more* than is necessary for claims in the early years, when the death rate is low . . . and somewhat *less* than is necessary in later years, when the death rate is high.

serve life insurance policies.

This reserve is not held as cash in the vaults. It is invested to earn *interest*, which is the second factor entering into the cost of life insurance. When calculating the premium to be paid, the company assumes the obligation to add interest to the reserve each year during the life of the contract at a definite rate . . . and thus enables the policyholder to pay a lower premium than he would otherwise have to pay.

The third factor to be taken into account is *expense*—the cost of doing business for the group insured. This cost includes taxes, maintenance of office and field force, and the expense incident to all the transactions that are necessary each year.



Most of a life insurance company's money is busily at work earning interest from diversified investments—one type, for example, is first mortgages on desirable apartment buildings. This interest helps to pay for your life insurance.



This is one of the automatic check-signing machines at Metropolitan. More than 7,000,000 checks in payment of obligations to policyholders and beneficiaries were issued in 1938.

Two things are done with the money collected in early years. First, the company pays current claims. Then it sets aside a "reserve" fund so that in later years, when premium collections are *less* than is necessary to pay claims, money will be on hand to make up the difference. This "reserve" is scientifically calculated and is required by law. It assures the policyholder that his premium will not increase as he grows older.

If the company did not accumulate this reserve, it could not maintain the level premium. Nor would it have the funds to pay cash, loan, or other non-forfeiture values available under legal re-

These are the basic principles involved in computing life insurance premiums. And Metropolitan does just what you would do . . . if you had to provide for something to be delivered in the future, perhaps 2,000 A.D. It figures *conservatively*, allowing a margin for contingencies. Then, if the cost of life insurance does not turn out to be as much as was assumed, the difference is paid or credited annually to the policyholders as dividends.

COPYRIGHT 1939—METROPOLITAN LIFE INSURANCE COMPANY

This is Number 17 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD • Leroy A. Lincoln, PRESIDENT
1 MADISON AVENUE, NEW YORK, N. Y.



superintendent, the means for unloading the glass on its arrival, its storage, its transfer to the production line as needed.

Out of this study is evolved a specification for the type of package the glass is to be packed in. The weight of the package and its shape are carefully worked out and become a part of his specifications.

The Pennsylvania plant gets the order at a price which naturally includes the packaging cost and if this is higher by a dollar a ton than the old package, the buyer is still ahead if it enables him to cut his handling costs \$3 a ton.

So the glass manufacturer most likely calls in a packaging specialist. A box is adopted to meet the specifications. Glass starts flowing from Pennsylvania to Michigan in standard unit packages.

The standard unit, plus proper hand-

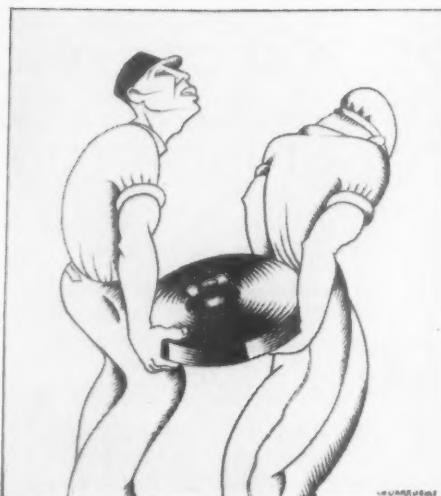


ling equipment, enables the glass manufacturer to load his product into freight cars more quickly. That cuts his costs. He loads each car more nearly to capacity. That cuts the carrier's costs. He offers his product to the buyer in a package that fits the buyer's needs. That cuts his selling costs because it provides an extra inducement for his salesmen to offer.

Saving handling costs

WHEN a car of glass arrives at the motor car plant the boxes are unloaded from the car by a new type power finger truck, run to storage, stacked to the ceiling, later withdrawn from storage by the same truck, whisked to the production line and there opened and checked.

This business of delaying a careful check of goods received until maybe 60 days after delivery is regarded in some plants as nothing short of treason. Yet in these days, business is essentially honest. No supplier is going to try to get by with short weights or



short counts. Even if he hates to be honest, he hates still more to lose the customer. Plants where this system is used find it profitable. Pilfering and errors in packing are easily traced. In fact, storing the package unbroken discourages pilfering. Anyway, adjustments are amicably made. And the saving in handling costs amounts to a hundred times the non-recoverable losses.

So, forward-looking production men are already taking advantage of this modern system of freight receipt and storage because it permits cost reduction.

After all, competition isn't the exclusive sport of the sales force. Production officials are definitely in competition with one another. Every item of cost reduction registers inevitably on the profit-and-loss statement that is figured gingerly by the men who sit around the long table in the front office.

This system of straight line transportation does much more than facilitate the receipt of freight. It actually reduces freight costs. In the old days, a unit load was limited to around 100 pounds because that was a one-man load, if it didn't have to be piled too high. Today, unit loads 25 or 35 times as heavy are economically handled by power fork trucks which the load is designed to fit.

Properly designed unit loads—pallets, cartons, crates, wirebound boxes, bales, steel-strapped skids—are now designed for stacking ceiling-high.

This utilizes the full cubic capacity of the storage space, reduces the investment necessary in buildings. Inventory is simplified. Accurate record is quickly made of parts and materials stored in standard units, so that requisitions for future requirements may keep pace with the factory's needs.

The method applies equally well to the movement of parts and sub-assemblies from branch plants to main plants. Returnable racks, pallets and skids are designed to accommodate

special shapes and sizes of loads. This also applies to goods shipped from factory to jobber and jobber to dealer.

The whole idea of standard unit containers, designed to fit product handling equipment and storage facilities is rapidly gaining ground. Traffic specialists foresee the time when carriers will provide standard returnable units. Pineapple products are now handled from cannery to freight car, car to wharf, wharf to ship's hold on returnable pallets owned jointly by canneries, railways and steamship companies.

Standardizing saves time

THIS system effectively stops losses due to poor packaging, poor routing and unnecessary rehandling. It also has a remedy for the fourth weakness—inadequate mechanical aids. The backbone of this new system is a small power truck, that enables one man to load or unload a box car in two hours and tier the material nine or ten feet high in the warehouse.

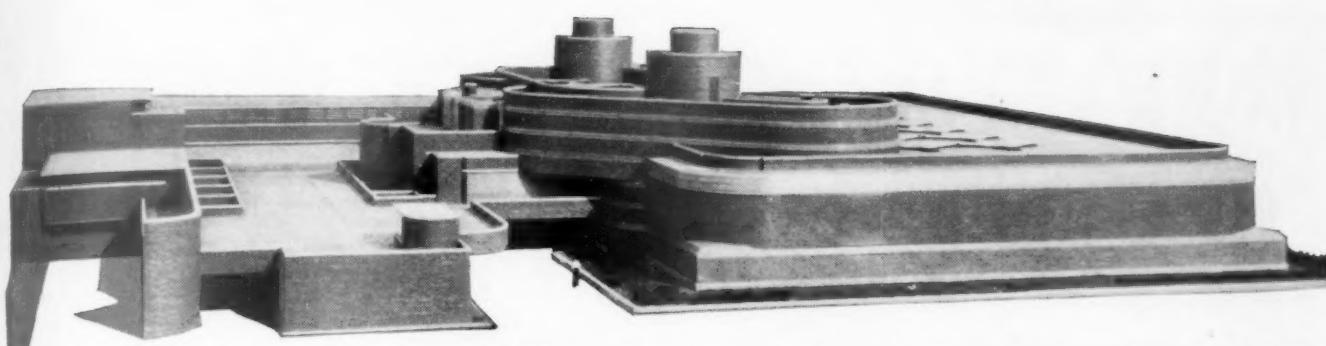
For there is no wit in simplifying the package unless some better method can be used for routing it correctly, storing it snugly, handling it at lowest possible cost.

By this system freight cars and ships are held in idleness a minimum time, more business is transacted per day at a given point, demurrage charges are reduced. So is the proportion of non-productive labor. Furthermore the system cuts labor costs, saves on pay roll taxes, raises safety standards, cuts compensation insurance costs.

The whole subject of modern pack-



aging of freight and more efficient handling systems is of prime importance to all departments of industry and especially to railroad management. It merits the prompt and studious attention of capital, management, the purchasing agent, the sales department, the production manager, the freight and cargo carriers.



Comptometer methods set the pace for figure work in "the world's most modern office building"—designed by internationally famous Frank Lloyd Wright. The new Johnson's Wax office building, located at Racine, Wisconsin, is an inspiration to architects and Johnson employees alike.

modern METHODS FOR A modern OFFICE BUILDING

Some one said, "You can't do today's job with yesterday's methods—and be in business tomorrow!" Rest assured, you will be able to buy Johnson's Wax, and the other products of S. C. Johnson & Son, Inc., tomorrow and tomorrow! In the recently completed Johnson's Wax office building, 60 Comptometers handle practically all figure work of the world's largest manufacturers of wax polishes.

"We feel that Comptometer methods are as modern and efficient as the building and equipment designed for us by Frank Lloyd Wright," says Mr. A. F. S. Stoffel,

Comptroller. "Our experience with the Comptometer dates back to 1911—and in the years of constant growth and change since then, our Comptometers have done their job of compiling figures with the utmost speed, accuracy, flexibility and all-around efficiency and economy. Our operators report that the Controlled-Key and other accuracy safeguards of the Comptometer are vital in eliminating unnecessary figure work and in putting the handling of figures on the quickest and most accurate basis. Indeed, Comptometer methods are 'right at home' in our new building!"

Your figure-work methods may be completely modernized, at low cost, and with substantial consequent savings. Telephone your local Comptometer representative—or write direct to Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Ill.



COMPTOMETER

Reg. U. S. Pat. Off.



Standard
Model J
Comptometer

Consumer Consciousness

Opinions Differ as to Whether It's a Gain or a Pain

The Consumer Discovers Himself

A LOT of women—the number is a matter of dispute—have discovered that they are consumers. Like finding for the first time that they are primates, say the hard-boiled realists. But they are enjoying this new found distinction and are inclined to make the most of it. And when any considerable number of American women decide they want something they usually have a way of getting it.

Out of this late discovery has come a consumer movement that today shakes the world of distribution. Women's clubs and consumer testing bureaus have taken up the cudgels for the buyer. The cohorts of social reform saw in it another worthy cause to inscribe on their banners. The federal Government, ever alert to catch an overtone from the masses where the votes are, set up a battery of agencies to champion the consumer. A series of new laws followed, such as the Robinson-Patman Act and the Wheeler-Lea Act, all designed to protect buyer from seller.

Business long ago admitted that liberties are sometimes taken with truth in selling. Back in 1911 it set up its own policing agents, now known as the Better Business Bureaus, to rid marketing of those abuses which, while perhaps within the law, are not fair to customers or competitors. Through this voluntary agency many objectionable practices are stopped without recourse to law or government regulators. It is recognized, too, that advertisers, in reaching for glamorous

That buying by brands is unsatisfactory. They want more information about how goods are made, the materials that go into them, how they are to be used, and the proper way to maintain them. "We don't care who makes the things we buy," they say, "so long as we have some way of knowing how they are made and how good they are." Some organizations, however, profess an interest in labor conditions during manufacture. It is claimed that these types of information are generally not available either in advertising or from retail sales people.

That most of the information supplied by manufacturers must be discounted as sales talk.

That there is now no standard measure of grades: The grade marking that we have is for the most part meaningless, they say, because manufacturers are not willing to label any goods as frankly second or third grade. It is pointed out that A-1 silverware is 11 grades under the best. The woman trying to buy a can of the largest peas or asparagus doesn't know whether to take Jumbo, Giant, Mammoth or Colossal. She can't distinguish such terms as Choice, Select, Premium, Fancy, etc.

That there ought to be one central consumer agency of the federal Government to police all sellers of services and commodities. This move is said to be under serious contemplation by the Administration. It was advocated by a spokesman for the American Association of University Women at the recent Business-Consumer Relations Conference sponsored by the National Better Business Bureaus.



phrases to stimulate the desire to possess, sometimes "stretch the blanket" of fact. Leaders in business have been among the strongest critics of this failing. Only recently the organized tire industry has moved to ban misleading tire advertising.

By way of being loftily impartial in its attitude, this department will offer no opinion. It will merely review a few pros and cons of the controversy in the hope thereby of shedding a small ray of light on an obscured subject.

The Pros Contend

THAT a great deal of consumer advertising is exaggerated, cleverly deceptive, aimed at a very low level of intelligence, and unreliable in its facts.

She reported that the best practical opinion seems to be a preference for buying sheets by feel and weight rather than by thread count.

That because of their obligation "to sustain at full tide the flow of goods from producer to consumer," advertisers are justified in employing any appeal, within the limits of honesty and decency, that will sell goods at minimum cost. (From a resolution by the Advertising Federation of America.)

That consumers could do much for fair dealing by cleaning house themselves. It is claimed that their record of buying first and shopping afterward, abusing return goods privileges and forcing unfair adjustments on retailers and service companies gives them no ground for casting stones at business.

That the left-wing consumer movement is a part of the red United Front in this country. George Sokolsky, well known writer, has cited facts to maintain this charge.



That the establishment of a special Consumer Bureau at Washington would be the beginning of the end of advertising and the profit and loss system of economics with which it is interlocked. (La H. Bristol, Bristol-Myers agency, before the National Federation of Sales Executives.) Mrs. Richardson told the Better Bureau conference that grade labelling would call for the employment of at least 4,500 Government inspectors. Charles O. Hardy of the Brookings Institution warned the same group that consumers have as many reasons for questioning information from government sources as from business sources. He said further that he didn't relish having professional consumers try to impose their own tastes on their constituencies.

Making Appliances Fool-Proof

THE American home has evolved into a plant where mechanical efficiency counts as in a factory. In the factory, when an electrically driven machine goes wrong in any way a circuit breaker automatically cuts off the current that operates it. This same protection has been introduced into home installations both urban and rural. The "Multibreaker" of the Square D Co. of Detroit combines switching with over-current protection and makes even the washing machine or electric sweeper fool-proof. In tune with the spirit of greater distribution to more people, a new model of the "Multibreaker," first introduced in 1936, has been manufactured to sell at slightly more than the cost of the switch and fuses which it replaces.

WRITING in *Sales Management* a life insurance agency manager says: "We have interviewed more than 1,300 men for salesmen's jobs in the last six years and we find that it is wise to take only one out of every 22." —FRED DEARMOND

HOW TO LICK HEAT IN TRUCK TIRES



MIDGET (A), BLINDED BY GLARE OF HEADLIGHTS, REACHES FOR SUN-GLASSES (B), CAUSING ROCKER-ARM (C) TO LIFT HOOD (D) FROM HEAD OF EARLY BIRD (E)—EARLY BIRD SEES WORM (F) AND GRABS IT, UPSETTING ASH-RECEIVER (G)—LIGHTED CIGAR BUTTS (H) FALL AND BURN HOLES IN GOATSKIN WATER-BAG (I) CARRIED BY INDIAN WATER BOY (J)—WATER SPRAYS ON TIRES AND COOLS THEM OFF!

NOW.. Read Why Cool-running Goodrich Silvertowns Smash Old Mileage Records!

Eight out of every ten premature failures in truck tires caused by heat! And why this heat?

You can blame it on today's heavy loads. On today's breakneck speeds. On the friction these forces create inside those big rubber casings.

You can't fight this "tire killer" heat with a Rube Goldberg invention. But there is a practical solution. Just standardize on the new Goodrich Triple Protected Silvertowns... let these amazing heavy duty tires do the rest.

Tomorrow's Tire—Today!

Here's tomorrow's tire for today's trucking! It's years ahead in construction—miles ahead in performance... because into it Goodrich engineers have built the greatest single development in the past 10 years of truck tire history. A new type cord that actually licks heat!

Hi-Flex Cord is smaller in diameter, more elastic—yet stronger than conventional type cord. When it flexes, it comes back alive—retains its spring throughout the life of the tire. That's why the new

Goodrich Silvertowns do not "grow" or become flabby.

And because this cord is smaller in diameter Goodrich can surround it with more anti-friction rubber—give the tire more strength with less bulk. Tests prove this construction keeps internal heat below the danger line. The new Goodrich Silvertowns last so much longer because they do not overheat!

Extra Mileage—No Extra Cost

Proof of greater mileage? America's oldest tire manufacturer invites you to look at the record. On the ordinary hauls—on many of the toughest runs known, the new Goodrich Silvertowns have lasted two and even three times longer than the best tires used before!

Buying them at a premium price you would save money on the longer mileage of these cool-running tires. But your savings will be even greater because Goodrich Silvertowns purchased now will cost you not one penny extra! Phone your local Goodrich dealer or Goodrich Silvertown Store. Better yet, drop in today.



JUST SEE WHAT USERS SAY

MISSOURI—"All of our equipment is operating on Goodrich Silver-town Tires. Our loads are extremely heavy and many of these tires have given us in excess of 100,000 miles of service."

VIRGINIA—"During the hot weather season none of the Goodrich tires failed, which certainly does indicate that your tire runs cool. I stress the point of 'cool-running' as it is truly a money-saver."

MARYLAND—". Our complete experience since starting with Goodrich exclusively.. has been extremely satisfactory. I have reached the firm opinion that 'Triple Protected' means 'Triple Protected Dependability'."

{names on request}



Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

My Son Collects Stamps

By GAR YOUNG

THERE are devious ways to get the attention of a hard boiled prospect—this one appreciated attention for his son's hobby

ONE morning the advertising manager of an eastern machinery manufacturer stopped at the desk of his young assistant. A letterhead of a prominent motor truck manufacturer caught his eye.

"Gentlemen," the letter began, "my son, Dick, collects stamps. The other evening he picked up a copy of (trade magazine) and saw your advertisement featuring the world-wide installations you have made with your new model. My son's not in the market for your products, of course, but he is in the market for some of those South American covers. It was his idea for me to write you." The letter was signed by no less an executive than the vice president.

"Jack," our a.m. friend said, "suppose you let me handle this."

"Sure," the assistant beamed, "I get a lot of those 'crank' letters—but I don't bother *you* with them."

"What do you say to them, Jack?"

"You know, the usual diplomacy stuff. I let 'em down easy."

Back in his office, the a.m. called the export manager.

"Bill, how many foreign letters do we get in a week?"

"Gosh, I dunno. Couple a hundred at least. Why?"

"Fine. How about the mail boys dropping a bunch of the envelopes on my desk every once in a while?"

Our a.m. waited until he had collected a handful of foreign cancellations and then wrote the son of the official, in care of his father.

Time passed. Once a month, regularly, a letter went to the youngster. Periodically, the boy's father attached a little note to that of his son explaining to the a.m. that "he hoped the boy's request wasn't becoming a nuisance."

Deciding that it was about time to cash-in on this "around-the-barn" ap-



CHARLES DUNN

The advertising manager took his prospect to lunch—the son got his stamps—the prospect got "the works"

proach, the a.m. wrote the star salesman in the territory suggesting that he call on the vice president personally. The a.m. went to great pains to explain the background.

The "star" replied in terms hardly printable. The salesman (in a confidential memorandum to his boss, the sales manager) suggested that "... if the a.m. would concern himself more with giving the boys in the field some honest-to-goodness, productive advertising—and give up his Boy Scout work—he, personally, would be much happier about his chances of knocking over the third quarter's quota!"

A check-up on results

THE weeks rolled on. The a.m. continued to remember Dick and his fondness for stamps.

Then, one day the a.m. saw a double-truck tie-in advertisement in a trade magazine. There was the picture of the vice president . . . there were some interior shots of the plant . . . and some photos of the competitor's machines buzzing away!

Our a.m. clipped the spread and began a draft of a letter to Dick's father. The letter would never take a prize for a sales letter. There was no mention of the hundreds of stamps Dick had received . . . there was nothing to suggest that the a.m.'s company ever hoped to get a dime's worth of

business from them. Just a casual mention that the a.m. was attending an industrial advertising manager's convention in a nearby city—and would the vice president be in on a certain day? A postscript asked the executive not to mention to Dick that the a.m. was bringing along some swell China Clipper covers.

The next scene has the denouement you've been expecting. Our a.m. took his "prospect" out to lunch . . . Dick got his stamps . . . the a.m. got his trip through the plant . . . the vice president got "the works" . . . and the conference room got murky with cigar smoke!

That night, the a.m. sank down in the chair car and wrote the "star" salesman. Here it is:

"Dear Tom," it began. "Have you ever considered the importance of a hobby? I'm serious . . . what you need is a good, relaxing hobby. Stamps, for instance! Something to take your mind off quotas. I never thought much about stamps until recently. By the way, I suggest that a trip over to see Mr. —, vice president of the — Motor Truck Company is very much in order right now. I was partly responsible today in swinging ten per cent of their replacement business for our new model. They promised to continue to give us a look-in. Believe the order you'll pick up should run slightly under \$4,000. Best regards."

Accounts Receivable



HANDLE WITH CARE!

WHATEVER you sell, however you sell it, collecting money is an important problem. Collections should be made when due, and without losing customer good will. Every step of the work should be handled accurately, promptly and economically.

Addressograph Methods of handling collection work provide the necessary safeguard of unfailing accuracy. They simplify and speed up procedures in collecting all kinds of accounts. Expense is reduced to a minimum.

The Addressograph Man near you will be glad to explain how easily Addressograph Methods can be adapted to your procedures—how they can help you to increase collections and reduce collection costs. ADDRESSOGRAPH SALES AGENCY is listed in principal city telephone books. If you prefer, write

ADDRESSOGRAPH-MULTIGRAPH CORPORATION

Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

Sales Agencies in Principal Cities

Addressograph
TRADE MARK REG. U.S. PAT. OFF.

handles the important jobs
with speed, accuracy and economy

Advertising • Collecting • Customer Lists • Employee Records • Installment Accounts • Inventory • Manufacturing • Membership • Order Writing • Payroll • Prospect Lists • Publication Lists • Sales Promotion • Shipping • Social Security • Stockholders • Assessment Records • Motor Vehicle Registration • Public Service Bills • Relief • Tax Collection • Voters' Lists

What the public doesn't know CAN HURT

One of the commonest criticisms of big business today is that it *is* big—and therefore not to be trusted; that it is dominated by profit-seeking directors who can decide, with almost occult powers, just how much money shall be made and who shall get it.

And as long as a business operates behind closed doors, so to speak, such erroneous ideas will gain a certain degree of credence.

A manufacturer spends a million dollars on research to improve his product—yet fails to gain the sales advantage he is entitled to, simply because the public hasn't been told.

Another manufacturer boosts wages and improves working conditions for his employes. Yet when general labor troubles threaten, public opinion makes no distinction between his business and any other—simply because he hasn't given people the facts.

Today people *want to know* about the com-

panies behind the products they buy. And the companies that are telling them are discovering that it pays, not only in good will but in *sales*.

Public relations, to these companies, is more than just keeping a few thousand stockholders, employes, and dealers informed.

A good public-relations job means telling your company's story to the several million American families who mold opinion. And the surest approach to these families is through national advertising.

Last year the leaders in almost every major industry placed more of their public-relations advertising in Curtis magazines than in all others combined. Because the millions of families who read these magazines are the people who really determine, more than any group of directors, the future growth of American business.

The Curtis Publishing Company

The Saturday Evening Post • Ladies' Home Journal • Country Gentleman • Jack and Jill





Board of Directors of International Chamber. President-elect Edstrom is the large man at desk to right of woman in black

Business Works for Peace

By CHAUNCEY D. SNOW

DELEGATES to the 10th General Congress of the International Chamber of Commerce sought for peace through trade

IN THE MIDST of news dispatches about increasing tension at Danzig, more than 1,000 business men from 41 countries met at Copenhagen (which is almost as close to Danzig as New York is to Washington, D.C.) to seek action that might assure peace and turn the world's productive forces to constructive rather than destructive ends.

Delegates to this meeting of the International Chamber of Commerce came with the dread of war in almost every mind. The economic strain of vast expenditures for armament was common knowledge. In the view of Dr. Fentener Van Vlissingen of Holland, former president of the Chamber, members of the International Chamber are

better placed than any one else to know that the whole business community, including the armaments producing industries, is sincere in its belief that a modern world war would shatter the economic system, that there could be no worse catastrophe for business, and that no one could more ardently desire peace than the members of that assembly.

First of the resolutions adopted was presented by President Thomas J. Watson. It asked for a stability and fairness in international economic relations which would ensure for all peoples a fair distribution of raw materials, food and other products. Also it recognized that lasting political stability and the settlement of outstanding economic issues are necessarily interdependent, and advocated that movement of goods, services and capital be substituted for the movements of armies across frontiers.

After declaring these aims, the Chamber recommended:

That the Governments of France, Ger-

many, Italy, Japan, the United Kingdom and the United States of America each collaborate, in so far as this is not the case already, with their own leading business men in a thorough study of the economic and fiscal condition of their individual countries with respect to their national needs and their possible contribution to the world's economic development;

That when these countries shall have completed their surveys, their economic experts meet for the purpose of formulating a plan of adjustment which will give all countries of the world a fair opportunity to share in the resources of the world.

In another resolution the Chamber deplored the concentration of national energies on arms production. This resolution also asked for immediate consideration of economic measures which would be in order after any relaxation of the present political tension and the draft of concrete proposals for effecting the necessary transition from the present quasi-war economy to a peace economy.

The delegation from the United States was headed by Chairman Eliot Wadsworth of the American Committee

LONG DISTANCE RATES ARE LOWEST



EVERY NIGHT AND



ALL DAY SUNDAY

- Your money goes farther—by telephone—during the night and Sunday bargain hours.

Chats with a mother back home, a boy at school, a far-away invalid are *satisfying* and *inexpensive*. Call tonight or on Sunday and see.

Some typical Long Distance rates are shown at the right. Many rates from your city are listed in your telephone directory. Other rates may be had by asking the operator.

The Bell System cordially invites you to visit its exhibits at the New York World's Fair and the Golden Gate International Exposition, San Francisco.



HERE'S HOW LITTLE IT COSTS TO TELEPHONE!

Between these points	Night and Sunday 3-Min. Rates*	
	Sta.-to-Sta.	Per.-to-Per.
Cincinnati, Ohio Louisville, Ky.	\$.35	\$.55
Kansas City, Mo. Omaha, Neb.45	.75
Philadelphia, Pa. Boston, Mass.60	.95
Chicago, Ill. Minneapolis, Minn.75	1.15
Atlanta, Ga. St. Louis, Mo.90	1.40
Los Angeles, Cal. Salt Lake City, Utah	1.05	1.65
Indianapolis, Ind. New York, N. Y.	1.20	1.85

*Reduced rates are in effect from 7 P. M. to 4:30 A. M. every night and all day on Sunday.

Swapping Workers in Seasonal Slacks

By MERRITT LUM

ONE OF the most discouraging and costly jobs of many businesses is having to let go and re-hire employees because of seasonal ebbs and flows in work.

Suppose that, when your work had sloughed off, you could call up a neighboring business and place your surplus people in a job in the other place. Then when your work picked up again, you could have these trained workers back.

Suppose that when you faced a seasonal peak in production, instead of recruiting unskilled workers, you could reach for the 'phone and get enough trained workers from another business or two.

Much of the discouragement and loss in the man-handling job would have been taken out, wouldn't it?

Lots of practical problems are in the way of any such community swapping plan. There comes to mind the time when everybody wants workers and nobody wants to release them. One can wonder how it is possible, practically, for workers to be skilled in two or three different kinds of business. And so on.

One community, Chicago, is seeking to find a practical answer. Interested companies are working through an Employment Stabilization Committee of the local Industrial Relations Association to gather facts, looking toward the broadening of beginning experiments.

Leveling employment

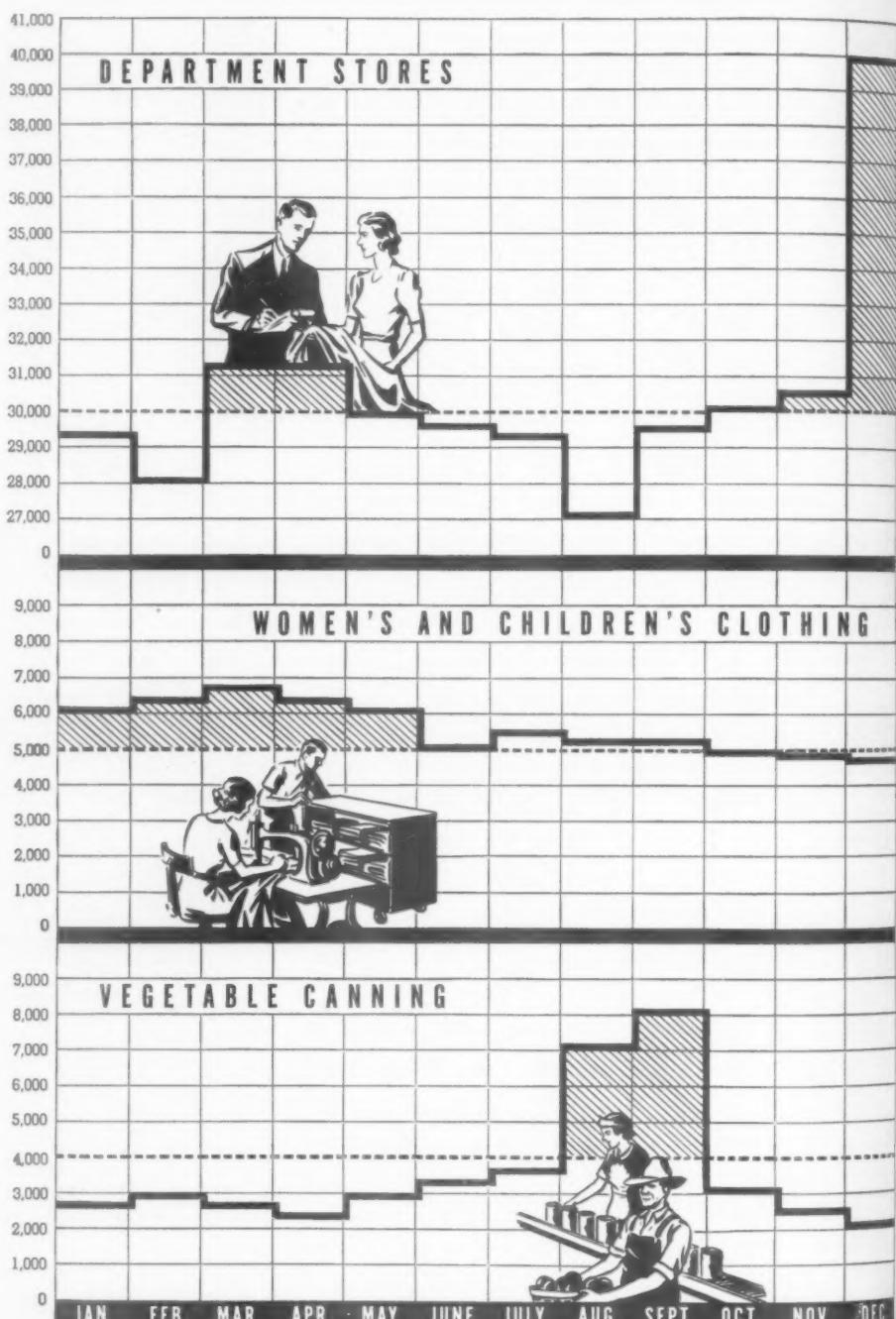
WHAT they wanted to put together is a picture of the up's and down's of employment by industry. They wanted to see if they could match the employment peaks of one company with the valleys of another, and *vice versa*.

There were many practical problems of getting comparable, useful figures. Out of the Committee's study finally came a report form. Each member company is asked to fill this out. It gives desired ebbs and flows on a percentage basis. This idea took hold. Companies are reporting. The picture is becoming clear. Some exchanges are being effected.

The kind of data which started the program is shown by curves of employment from three typical Illinois industries. These industry employment records are plotted as shown on the

(Continued on page 69)

ONE community is experimenting on ways to keep trained seasonal workers employed all the year round. Such a plan would not only improve employee morale but also save hiring and training expense for employers.



Curves of employment made for typical industries show how employees might most advantageously be shifted from one job to another



Gum chewers give this man a full time job picking it out of escalators

LARGEST single item in the operating cost of office buildings is cleaning. It represents nearly one-third of the total operating expenditures of the industry and, of this amount, more than 90 per cent is allocated to wages, according to figures compiled by the National Association of Building Owners and Managers.

Figuring the cost at 16.5 cents a square foot, it is believed that the cost of cleaning totals \$66,000,000 a year. About 80,000 persons—two-thirds of them women—are required for this one phase of building operation.

Charwomen, with an average working night of six hours, are expected to clean from 1,000 to 1,200 square feet an hour. In an average New York building, time used in cleaning was divided as follows: waste paper removal, 40 minutes; sweeping, mopping, carpet sweeping and vacuuming, 185 minutes; dusting, 60 minutes; miscellaneous duties, 45 minutes; and non-productive time consisting of 15 minutes rest and 15 minutes dressing time.

Although cleaning is usually done in the earlier hours of the night, with work ending at 11:30 or midnight, it is not unusual to delay until the latter half of the night to suit tenants or because of peculiar local conditions. For example, when the dust storms became a problem in the West Central and Southwest areas, many buildings changed from the earlier to the later schedule so that offices might not become dust-ridden before they were opened in the morning.

In modern structures, every effort is made to provide comfortable and convenient facilities with clean workers' quarters and latest improved equipment.

Interest of the management often extends outside the building as in the case of a Chicago manager, who learned that the cleaning hours in his building were so arranged that most of his charwomen were required to wait an unusually long time for street car accommodations. He consulted the street car schedules, juggled his building routine and made it possible for them to get an earlier car.

Behind the Scene at Midnight



Line-up before work and inspection by matron. Metal baskets hold cleaning and polishing materials



A midnight snack at the boss's desk



Bronze cleaner uses a mask to protect his lungs from fumes

No Business Can Escape Change

Business continually seeks the public's favor with new and improved products

1 • A SHOWER curtain now made is said not to stiffen with age, to be mildewproof and spotproof and easily cleanable with soap and water. It is treated with a new synthetic plastic.

2 • A PORTABLE all metal fire escape is now made. It resembles a chain ladder except that the rungs are in the shape of wide stirrups to help hold the feet from slipping. The unit for three-story buildings weighs 20 pounds, has a load capacity of 1800 pounds.

3 • A NEW metal alloy is said to have great strength even at elevated temperatures and to have exceptional resistance to creeping and deforming even when subjected to stress and high temperatures for a prolonged period.

4 • FOR color photographers there is now a flash bulb that has the same color characteristics as bright sunlight; hence it can be used to supplement sunlight or to make indoor shots with daylight type film.

5 • AN AUTOMATIC percentage calculating scale is now made with all parts of stainless metals. It is especially designed for meat-curing cellars.

6 • ROLLED die sections are now available which have a tool steel face backed by a non-hardenable soft steel. Dowel holes may be drilled after hardening; the tool steel may be hardened to a high degree because the backing takes up some of the shock in cutting.

7 • A LIGHT-WEIGHT, easily moved, trailer to carry ladder or scaffolding can be moved by one man or towed on the streets by an automobile. It supports scaffolding up to 40 feet high or a ladder with a work platform up to 50 feet high.

8 • A NEW treatment for magnesium alloys protects against salt water and atmospheric corrosion, provides a good base for paint, yet does not affect machined dimensions.

9 • A NEW squirrel cage motor has a one-piece centrifugally cast copper rotor with high electrical conductivity and mechanical strength for severe service.

10 • SAFETY tongs for punch press operators are now made of a cold rolled strip stock so that they will not damage dies if they are caught accidentally. An enclosed spring and a handle stop make for the convenience of the operator.

11 • FOR DESK work with the new fluorescent lamps there is now a desk stand that has almost unlimited adjustments—varying height and varying angle of both reflector and arm support. It has built-in accessories for either A.C. or D.C.

12 • A NEW device for easy counting and size-estimating of dust particles has just been developed. It is a microprojector with a translucent screen ruled for both size determination and quick counting.

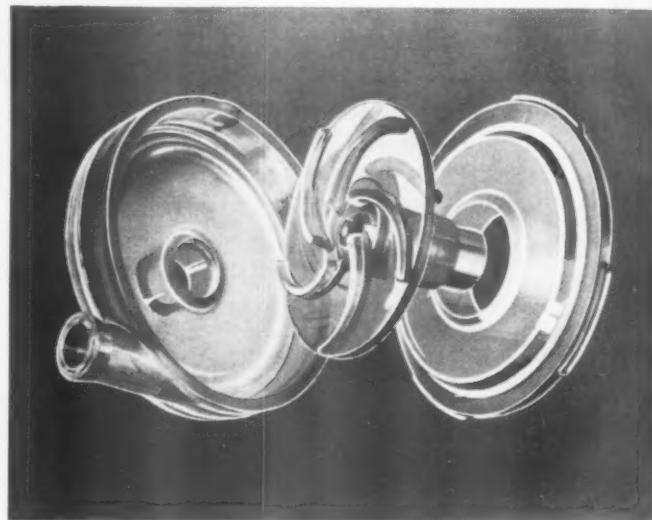
13 • TO PREVENT stains from bleeding through finished painted surfaces, and to hide them completely, there is a new interior flat white paint. It can be applied with brush or spray gun over oil stain, pitch, sap streaks, and the like, as either a priming coat or finish coat.

14 • A NEW factory hand truck has a steel platform reinforced by pressed steel channels to give light weight with rigidity.

15 • FACTORY finished strip flooring is now available—it's hardwood, tongue-and-grooved, beveled on ends and edges, sanded, finished, and waxed.

16 • A LOW-COST process has been developed for making white-metal castings with rubber moulds. Duplication of an item is possible within a few hours. The process is especially for novelties and small parts.

17 • FOR typists, a novel copyholder is mounted on lazy tongs swung from the side of the desk to leave the desk top clear.



24 • FOR HANDLING strong acids and corrosive liquids there is now a centrifugal pump of which all parts in contact with the liquid are made of a hard chemical glass. It handles 6000 gallons of liquid and delivers it up to 70 feet above the suction level.

18 • TRANSLUCENT latex rubber tubing is now made in lengths up to 50 feet without splicing. It is resistant to age deterioration, withstands repeated sterilizations, is glassy smooth inside and out.

19 • A NEW refrigerator for country homes is operated completely by wind power. Brine-filled walls retain refrigeration from 12 to 16 hours without wind power.

20 • FOR photographers a new exposure meter has a range from 1/10 to 1600 candles per square foot. A hinged louvre, when opened for low light values, automatically brings into view a corresponding scale.

21 • PREFABRICATED service stations and similar way-side buildings are now available. They are made of double steel panel units, well insulated, with a smooth surface that's easily kept spic and span.

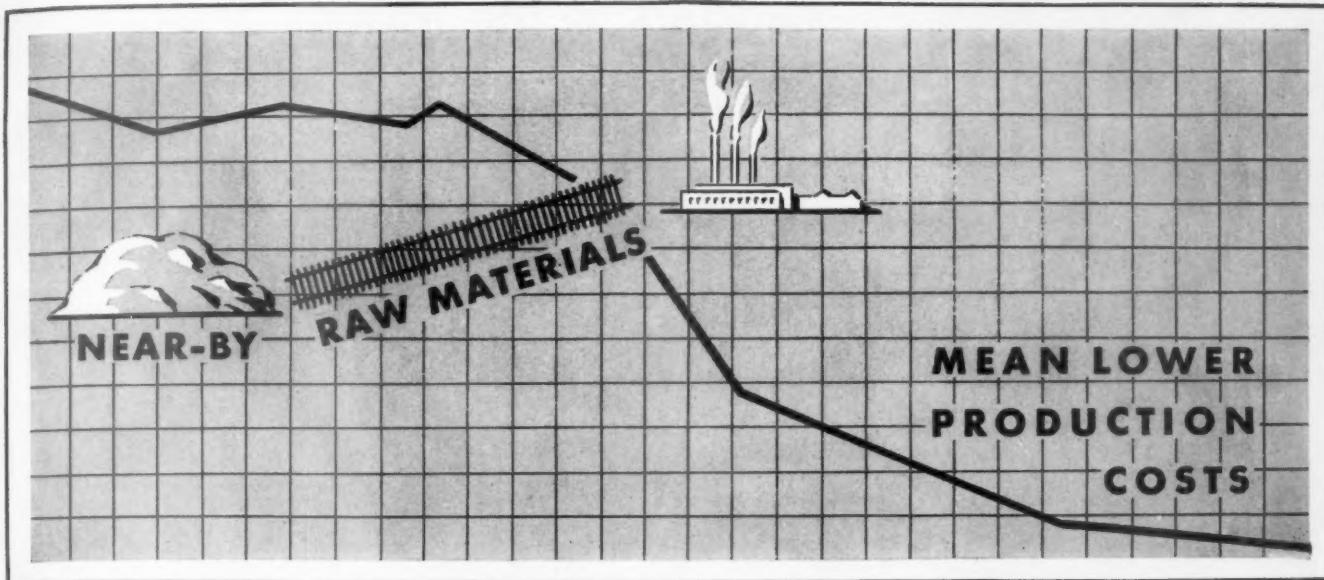
22 • A NEW reflector signal for automotive vehicles is made of a plastic with unusual light reflecting power. It resists breakage; is designed to be seen from a long distance when headlamps strike it.

23 • A NEW rubber dressing for automobile tires, rubber mats, and the like, cleans and covers with a sleek, black coating in one easy operation.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

NATION'S BUSINESS for September, 1939



...and RAW MATERIALS are PLENTIFUL and close at hand in *Chesapeake and Ohio Territory*

THESE ADVANTAGES

are but the fundamentals of many favorable conditions making Chesapeake and Ohio Territory an economic field of operation for many industries.

- RAW MATERIALS of many kinds; abundant, near at hand, economically secured.
- INTELLIGENT LABOR—native-born; largely skilled in a diversity of industries; well housed; peaceful and cooperative.
- NEAR TO MARKETS—major consuming areas within first, second or third morning delivery.
- EXCELLENT TRANSPORTATION—favorable freight rates and dependable service keep markets and manufacturers in economically close touch.
- CHEAP POWER—abundant coal, oil, natural gas and hydro-electric developments assure the region of unlimited power at most economical costs.
- COOPERATIVE LEGISLATION—Industry is king in Chesapeake and Ohio Territory, and the legislatures of the five great States in which it lies are friendly toward the needs and aims of enterprises they invite and those they already have.

Proximity to raw materials is only one factor in the economy of strategic location—but a very important one. Chesapeake and Ohio Lines—running through the heart of Virginia, West Virginia, Kentucky, Ohio, and Indiana—penetrate and serve a region abundant in the raw materials of Industry.

In the center of this territory lies "The Coal Bin of America," the country's greatest bituminous deposits. Natural gas and oil are readily available. Here, too, are great resources in glass-sand, fire and ceramic clays, salt brine, limestone and sandstone, timber, iron ores, pure water, and agricultural products.

To the economy of near-by raw materials, add ample native-born labor, easy accessibility of major markets through magnificent transportation facilities, cheap electric power, state legislatures cooperative with Industry...and you glimpse the fundamental factors making Chesapeake and Ohio Territory a region rich in opportunity.

Complete and impartial factual surveys for your specific industry will be furnished on request. All inquiries will be held in strictest confidence. Write

GEORGE D. MOFFETT, *Industrial Commissioner*

CHESAPEAKE AND OHIO LINES

Huntington, West Virginia



CHESAPEAKE *and Ohio* LINES



Gifford K. Simonds
(center)

Leaders in the March of Business



W. J. Jenks (standing)
with late Carl
Gray and J. Pelley



Wendell E. Whipp

GIFFORD K. Simonds, general manager, Simonds Saw and Steel Co. which has moved its entire operations into one windowless factory occupying five acres of ground. Buildings formerly occupied 17½ acres. Air in the building is kept cool despite the presence of 70 heat treating furnaces and office employees can take dictation uninterrupted by even ordinary comment from nearby desks.

W. J. Jenks, president, Norfolk and Western Railway, which carried 1,200,000 passengers in 1938 without a single reportable accident. The rate of accidents among its workers was 42 per cent lower than that among all railroad employees. For these achievements his railroad won the Harriman Gold Medal Safety Award for the second time in 12 years.

Wendell E. Whipp, president, Monarch Machine Tool Co. of Sidney, Ohio, which has completed its fifth building expansion in five years, and increased its number of employees twofold since 1929.

C. R. Smith, president, American Airlines, Inc., reported that company had set a new high in its profit of approximately \$400,000 (after estimated federal income taxes are deducted) for first six months of 1939 and carried 213,594 passengers or a gain of 50 per cent.

J. C. Nichols was recently named an honorary member of the American Society of Landscape Architects, an honor bestowed upon only eight others who are not architects. He has been similarly honored by the American Society of Architects. Both came to him as result of development of the Country Club residential district in Kansas City. He has been a member of the National Capital Park & Planning Commission for 14 years, having been appointed by three successive presidents of the United States.



C. R. Smith



J. C. Nichols

Washington and Your Business

Embalming Noble Prose

THIS department wishes to preserve to posterity the deathless words of Senator Claude Pepper of Florida. Not the words he said about some of his fellow Democrats on the last day of the 1939 session of Congress, because this is a quiet corner. Only the words in which he said that "an intriguing alliance" had tried to "strike down by emasculation and assassination the Fair Labor Standards Act and had encouraged unhappy division in the ranks of labor in order to hold working men in the tight clutches of economic bondage."

It's a good trick if it can be done that way.

Looks Like a Sure Thing

IT'S likely that the summer investigation of the N.L.R.B. will be a calm and critical examination of the law and the Board—the temper of the House being what it was when the resolution authorizing the inquiry was adopted. Howard W. Smith, Democrat, of Virginia, chairman of the committee, is a white-shirted, unexcitable, drawling gentleman who was once a judge, and who was triumphantly unpurged in 1938. He was a good deal helped at that time by the fact that Secretary Ickes took the stump against him. He is not an antilabor man, on his record. Neither does he take off his hat when he meets his fellow townsman, John L. Lewis.

One of Those Funny Things

IF the N.L.R.B. lamb had consented to bow before the storm, or whatever it is a lamb does when it is threatened with a shearing, there would have been no inquiry ordered. Dr. William M. Leiserson was shifted from the Railroad Mediation Board, much against his will, to calm down the N.L.R.B. He had the respect of both sides of the railroad problem because he had shown he was fair and able. If the N.L.R.B. had accepted his soothing ministrations it's a turkey to a chickadee it could have avoided trouble. Now there isn't a chance. His first dissent was to uphold the contention of the Board's critics that it favors the C.I.O.

Time Out for a Mother Story

THE story goes that the mother of Undersecretary of the Treasury John W. Hanes is one of the finest old ladies in Ohio. Perhaps the finest. It is understood that Mr. Hanes does not descend to argument on that point. She is alert, decisive and courageous. When Mr. Hanes was in the unpleasant midst of his fight to keep our system of taxation sane he went home for a visit;

"I'm licked," he is said to have told his mother. "I'm going to quit."

"You go on back to Washington," said she. "You have a job to do and you'll do it."

So the taxpayers now know where their gratitude is due.

Couldn't Save This Dealer

OVER in Maryland a school boy grew interested in old furniture. He polished and scraped in his off hours. When he graduated, he began with a wheelbarrow. Three years ago he had an antique furniture store, he employed nine men,

NATION'S BUSINESS for September, 1939

and owned several trucks. In 1939 he reluctantly fired the nine men, sold his trucks, put his wife in charge of the shop and went out with his roadster in search of old glass. Social Security and the wage-hour laws fixed him.

"How about your nine men?"

"It's too bad. They haven't got jobs yet. We were getting along all right until we were caught in the uplift."

What Will Poor Tommy Do Now?

THIS department finds it impossible to refrain from casting a stone at Tommy Corcoran now and then. The current dornick is in the form of an inquiry about Mr. Corcoran's future. If he obeys the provisions of the Hatch law he must keep his hands completely off politics, for he is presumed to be an attorney in the R.F.C. offices. If he does not obey the provisions he will get caught in a violation, sure as eggs is eggs. Perhaps there is some truth in the report that he plans to go back to New York, along with Ben Cohen, and open a law office.

Maybe This Was Turning-Point

THAT flurry of economy Congress produced in the last few days of the session was, in the opinion of a seasoned analyst, due to two things:

A, the publication of the fact that appropriations had passed an all-time high;

B, Senator Byrd's warning that the national debt is in fact \$62,000,000,000, instead of the \$40,000,000,000 the Treasury accepts. His statement was accompanied by statistics. The analyst quoted says that remark produced no impression at all in Washington, but that when it reached the country the stir was tremendous and that stir rolled back to the Capitol.

Listen to the Folks at Home

THIS is in line with the opinion of Senator Taft of Ohio that Washington suffers from a swelled head. Not a verbatim quotation, of course. He says that Washington thinks that it is only by the mightiest efforts it has been able to save a few remnants of a once prosperous land from ruin. The fact is, he suggests, that the folks back home do the bossing. Now and then Washington runs hogwild and a little time is wasted before the folks can chase Washington back into the pen. Such yelling and galloping excursions are not an evidence of genius or ability on the part of Washington but merely that Washington is out again.

And So Said Cliff Woodrum

REPRESENTATIVE WOODRUM, Democrat of Virginia, head of the House economy bloc, said the same thing differently:

"You go home and talk to your constituents," he said to his colleagues. "If you do I'll have recruits in the next session to help me put on the brakes."

THOSE who sit around Washington watching 'em come and go observed that:

"James L. Fly, newly appointed chairman of the F.C.C., came to Washington under Hoover. Was in charge of antitrust work for Department of Justice and was notably successful against several of the larger trusts. A career man with

no heated political affiliations. As general counsel of T.V.A. rated as fair, courteous and able. Known for his ability to get the ultimate secret out of any case he tries."

Impossible to refrain from comparison with Thurman Arnold, present antitrust assistant in the Department of Justice. A frequent orator, an impassioned author, he has had bad luck with his cases against the so-called trusts. When Judge Proctor dismissed the indictment against the District of Columbia doctors charged by Arnold with being engaged in the restraint of trade, he observed that it "was afflicted with vague and uncertain statements—does not meet the fundamental requirement that a criminal accusation be stated fully, clearly and with certainty." Some one might make a list of other times that Arnold's lance has failed to hit the windmill.

McReynolds Is Another One

FLY'S appointment to the F.C.C. once more spotlights the career men who have won high place in the government. William H. McReynolds, one of the newly appointed administrative assistants to the President, has been a specialist in civil service and government reorganization matters long before the New Deal had ever been heard of. He has cared as little for personal aggrandizement as any man in Washington. J. Edgar Hoover of the F.B.I. began as a filing clerk. Elmer Irey of Internal Revenue was a postal clerk. Daniel Bell of the Budget Bureau began as a clerk.

Hopkins Is in a Bottleneck

SYMPATHY must be offered Harry Hopkins at the moment of writing. He is still below par physically. He wants to find out what is going on in the Department of Commerce, which was as strange to him when he was made Secretary as Ashanteeland presumably is now. He is only able to get to his office three or four times a week for two or three hours a day. All important matters are routed through his hands as a matter of training. Between times he talks politics with the President. For a sick man that's pretty tough going. Rather tough going for the Department of Commerce, too.

He's in for a Bounce Around

INDICATIONS are that Elmer Andrews, administrator of wage-hours, is due to be worked on when Congress comes back in January. No New Deal head-man ever reached Washington with a better reputation. Andrews was reputed to be courteous, quite impartial, and very strong-backed. Congress will return from the vacation with a clearer idea of the way the wage-hour bill works than it has ever had before and that automatically puts Mr. Andrews somewhat on the spot. (30 cents an hour, 42 hours, October 24.) Unfortunately for the Administrator he managed to gather a number of personal critics in the feverish last few days.

Eight Pilots and the C.A.A.

EIGHT stubborn young men gave this department a chance to make a hearty meal of some of its own words. The eight were young private pilots—private as distinguished from air-line pilots—and they had been raising merry tribulation in the air. The C.A.A. could not get them to answer letters or obey orders and finally had to turn over the cases against them for prosecution in the courts. The C.A.A. had more employees two months ago than seemed fit to this corner, but when the corner began to realize that the C.A.A. must regulate 25 airlines, 1,500 chartered and fixed base operators, 33 certificated aviation schools, 153 repair stations, 10,724 certificated civil aircraft and 1,047 uncertificated ships, a couple of hun-

dred gliders, 60,000 pilots and 10,000 mechanics, not to speak of a lot more things imposed on the C.A.A. by law, it takes back everything it said. With mustard, please.

And Hopkins Is Looking at It

THE aviation industry is perturbed by the fear that the C.A.A. will be swallowed by the Department of Commerce under the new reorganization law. The industry, it seems, is getting along first rate with the C.A.A. There are occasional quarrels and complaints, but on the whole aviation seems to feel the C.A.A. knows what it is all about. No one knows what might happen if it were to slip down Mr. Hopkins's maw and every one knows that he might get a chance at it when he regains his health.

They Do Not Like Frances

THAT bottleneck in the Department of Commerce seems to be matched by another in Labor. Departmental opinion is that Secretary Perkins lacks a talent for getting things done

The Reasoning of P. V. McNutt

on time. About four weeks is given as the usual lag.

THIS may prove to be an entirely sour bit of reasoning. But it comes right from the inner camp of Paul V. McNutt, recently named as Federal Security Administrator, which

offers the best spot for the launching of a build-up to be found in all Washington. Here it goes:

Mr. Roosevelt will not be a candidate for a third term.

He has picked McNutt because McNutt is a Middle-of-the-Roader and acceptable to business. As a supporter of and office holder in the New Deal he would also get the liberal vote.

There is no one else with whom the New Deal could win.

A Blue and Yellow Basket

REPORTS are that Secretary of Agriculture Wallace was shaken for a time by the arguments of the career men in the Department against the new food basket plan. This is the scheme by which any one whose income is below a certain level may obtain free food stamps. The career men wanted to know where Wallace was going to stop if that kind of an extravaganza was once started. A \$5,000 a year man with 11 children might be nearer poverty's edge than a \$1,200 a year man who has a garden. The story continues that Wallace is going on with the plan because Dr. Lauchlin Currie convinced him it was sound. Currie was an instructor in Harvard until he came to Washington in 1934, and is one of the foremost of the spend-lend-go-in-debt galaxy. He was recently appointed as one of the six new assistants to the President.

IT IS reasonably certain that the first congress that seems to be moderately friendly to facts will be asked to recompense the state of Tennessee and its injured counties

for the taxpaying farm land which is now covered by T.V.A. backwater. Payment either to be in a lump sum or on the annuity plan. Argument is that Congress did this horrid thing to Tennessee and should in all fairness pay for it. It will be admitted that T.V.A. cannot make enough money to pay this debt of honor.

Tape Isn't So Red in State

RED TAPE in the State Department is neither so tangled nor so red as has been represented. It is easier to get in to see the Secretary of State than the head of a New York bank,

for instance, and relatively easier the farther down the



I REPRESENT THE WIDOW BROWN, STOCKHOLDER

IT IS happening every day—perhaps to people you know intimately: an active executive of a business dies—and his widow and her lawyer take his place at the management table.

Presumably they know little or nothing of the business' problems.

The widow's constant need, as a rule, is for income—dividends, uninterrupted and generous. She's hardly in position to know what's best for the business.

Make sure that you and your associates never have that problem—often embarrassing, perhaps tragic in its consequences.

A simple Stock Purchase Agreement, and Northwestern Mutual Business Insurance to provide the money, are a sensible answer.

The Northwestern Mutual has a plan, simple and clear, drawn especially to meet the needs of the stockholders of a corporation in which

the stock is closely held. The deceased's interest is liquidated on a basis fair to the widow and to the business.

There's no haggling—just an orderly, businesslike settlement.

This is a way to carry on the business unhampered, to prevent strangers from interfering, to keep earnings in the hands of those who earn them, and to protect dependents.

Its cash value accumulates year by year—can be borrowed on, in an emergency, with no "red tape" and no publicity.

Talk over these matters with the Northwestern Mutual Agent—it's time well invested. He's fully prepared to advise you soundly—has the facts and figures you'll need for working out a plan suited to your business situation.

Northwestern Mutual offers Plans of Business Insurance designed for all types of business organization.

CORPORATIONS—Ready cash for orderly liquidation of a deceased stockholder's interest, on a buy-and-sell agreement basis—Cash convertible into income for family or heirs of the deceased.

PARTNERSHIPS—Ready cash for liquidating a deceased partner's interest, to the advantage of his widow and surviving partners—Guards against forced sale—Helps solve the problem of continuation.

SOLE PROPRIETORSHIP—A fixed amount of immediate cash representing values built into the business—Finances the readjustment period of arranging continuation of the business, transfer to others, or orderly liquidation.



THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

line one goes. But the easiest man of all will likely be Dr. Henry F. Grady, who took Francis Sayre's place when he was sent to the Philippines as High Commissioner:

"Hell, man, telephone," is one way he has of getting through his business. Telephone calls to California are commonplaces with him.

Net result; clean desk; time left over for a good story. With a punch to it.

Business Ahead with Filipinos

IT IS no secret that Sayre thinks the Filipinos should postpone taking over their independence until they can handle it safely. He is also in favor of working out a tariff scheme which will build up more business with the United States. A detailed report based on statistics may be expected soon. He has been studying the P.I. question for some months.

It Looks Like Usury to Him

L. Lewis to the Democratic National Committee. Looks as though he were being paid usurious interest."

Maybe This only Sounds This Way

LEST this gem be forever hidden in the Congressional Record it will be placed on view.

Senator O'Mahoney told of his talk with Dr. Hansen and Dr. Currie, then of the Federal Reserve Board:

"I asked the two gentlemen if the contribution of the government could not be made just as effective by reducing the taxes as by increasing the expenditure and the answer was 'yes.'"

If that means what it seems to mean that \$20,000,000,000 of new debt has not bought anything.

Maybe the experts will begin speaking more kindly of the late Andrew Mellon, "the best Secretary of the Treasury." He believed in tax reduction, too, and fought going into debt.

Doll Babies Are Legal Tender

THAT paragraph brings to mind the exhibition of dolls placed on view by Mrs. Virginia Woodin of Clarendon, Virginia. In one little country she found dolls which are used for money. Mr. Morgenthau might be interested in the exhibit when he returns from Europe.

Carmody Is the Great Spender

JOHN M. CARMODY has been upstairied from the Rural Electrification Administration to the job of wholesale spender under the reorganization plan. All the world knows that. Maybe not all the world knows that Senator "Bob" Taft of Ohio asked the R.E.A. to inform him if any one of the R.E.A. cooperatives is on a sound financial basis:

"They said they would," Taft reported. "But they have not."

"Government of Laws, Not Men"

SENATOR M. M. LOGAN of Kentucky thinks the Walter-Logan bill will become law at the next session. It passed the Senate but was called back at the request of Senator "Shay" Minton, Mr. McNutt's friend from Indiana. Logan thinks both Houses of Congress will accept it when it is called up again. This bill compels administrative agencies to obey the ordinary rules of court procedure and limits their freedom of action:

"We hope to make this again a government of laws, not men," said Logan. He has not missed church on Sunday for 30 years, he is a loyal Democrat and a frequent defender of New Deal plans on the floor.

As a practising lawyer he has set his face grimly against a system which permits appointive officers to make laws and defy control. There are many such instances.

Trouble Ahead in Building

BUILDING contractors are apt to have their hands full with the C.I.O. effort to unionize building crafts. They are unable to sign up with the C.I.O. now because that organization has not yet taken in all the crafts. But if the C.I.O. controls one or two crafts they will not be able to do business with the A. F. of L. either. Report is that Thurman Arnold is an ace in the C.I.O. hand. His inquiry into building trades conditions can, of course, be shifted hither and yon.

Frank Plans a Monument

HEADS of the Stock Exchange are working in closer harmony with Jerome Frank of the S.E.C. than is generally believed. Both sides are agreed that something should be done for the protection of the public against unsoundness in brokerage firms during crash days. Neither side has yet agreed on precisely what should be done. Frank may leave S.E.C. if a plan is worked out. He hopes it would be his personal monument.

Merely Noted in Passing

SENATOR WHEELER will push his bill to replace the Federal Communications Commission of seven members by a three-man board, when congressional business starts again in January. The present law may be left unchanged otherwise.

He thinks most of the numerous troubles in the F.C.C. have been due to the commissioners themselves. The radio industry seems to be in agreement with this. Every one seems relieved by the retirement of Frank R. McNinch, the former chairman.

He was a hard-headed, peppery, and able little man, but it was feared that he would have edged the F.C.C. toward a greater power of censorship if his health had permitted him to stay on.

Some Guesses on the Future

IT'S possible but not probable Congress will be called back in November, because there is so much work to be done. Congress will not like that. New tax legislation is a certainty. A probability is that taxes will be higher after 1940. Perhaps a broader income tax base. Experts are already at work.

Federal Trade Commission is planning another inquiry into prices and practices. State Department regulars still say there will be no war this year.

A very fine, superexcellent chance of some inside work in Mexico, however. No tears would be shed in the State Department if Cardenas were to slip out. Investment Bankers Association seems pleased with the S.E.C. collaboration on rules of procedure and thinks they will be able to keep gyp artists out in the future. The lookouts for business men suspect more danger for the small business man than for the big corporation in the T.N.E.C.'s prospectus.

Herbert Cory

The Map of the Nation's Business

By FRANK GREENE

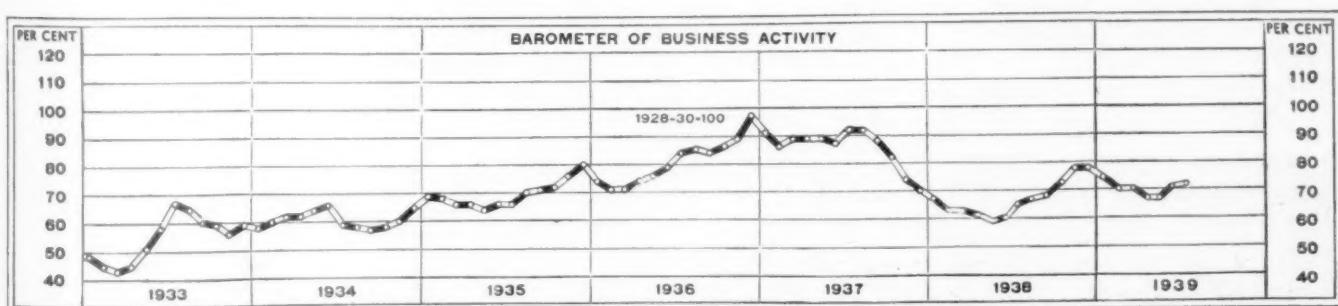


JULY saw continued improvement in industrial activity and the return of confidence undisturbed by foreign crises. Securities markets turned upward after the mid-month with better volume. Steel production reached an eight-month peak and electric power output at the month end was the second highest ever recorded. Contra-seasonally large retail sales reduced automobile inventories to a minimum as the industry started new model production.

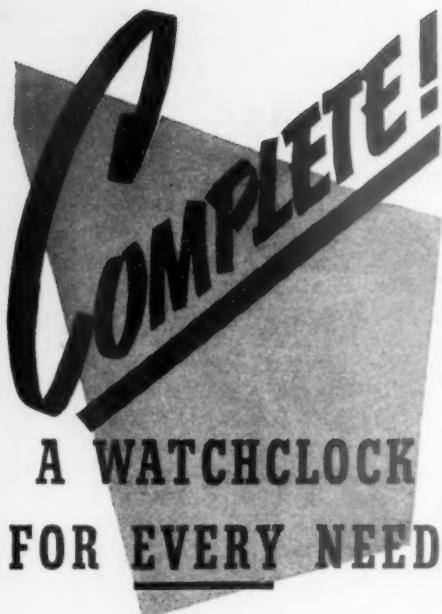
Railroad earnings reflected sharply increased passenger traffic and highest carloadings of the year. Bituminous coal mines were busy as the result of better demand and reduced stocks. Building volume declined due to reduced government operations. Non-ferrous metal prices were strong, with sales of copper reaching a new high record. However, the general commodity price level struck a new five-year low, due to continued declines in foodstuffs.

Wholesale and retail trade ran steadily above last year with chain store sales leading the advance.

The Map reflects continued improvement in general business and industrial conditions



A slight forward movement during July in the general level of business activity extended the sharp upturn registered in June and cancelled about half of the loss suffered from January through May



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MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

Competitive Bids on New Issues

COMPETITIVE bidding on corporate security issues, which has been a subject for academic discussion in the financial community for several years, became a burning, practical question in recent weeks when efforts were made almost simultaneously in various quarters to force certain prominent corporations to abandon their traditional bankers and throw their issues open to competitive bidding.

Sponsors of the idea claim that their only objective is assurance of fair dealing, but the move is widely regarded as a subversive attempt to destroy the continuing relationships between leading underwriting houses and many of the country's large corporations.

The chief arguments advanced in favor of competitive bidding are that corporations will obtain better prices for their issues; that underwriting commissions will be reduced; and that stockholders will thereby be protected against any possible collusion between the management of a company and the bankers of its choice.

Opponents of the idea maintain that there is nothing in the recent history of new corporate offerings to indicate that prices and underwriting commissions have not been fair, both to the issuing corporations and investors, under the present system. On the other hand, competitive bidding, most underwriters claim, will tend to place new security issues in the hands of the most daring bankers, rather than the soundest, since price will be the only consideration in the award of an issue. This overpricing, they maintain, will inevitably result in heavy losses for investors who purchase the securities, and will injure the credit standing of the issuing corporations.

Opponents of the new idea also stress the fact that a sound investment banking relationship involves much more than the price to be paid for an issue. A continuing relation-

ship with an experienced investment banking house gives a corporation the benefit of valuable advice on such matters as changes in capital structure, type of security to be offered and the timing of the offering. Continuing relationships also provide a corporation with valuable financial sponsorship in times of stress, continuing market interest and many other valuable intangibles that would be lacking under the competitive system.

The competitive bidding system is admittedly feasible in the case of municipal bonds and equipment trust certificates, where the terms and provisions of the issues are virtually standardized and only a minimum of investigation is required before underwriting. But it is difficult to see, as a practical matter, how competitive bidding can be reconciled with the registration procedure that is required under the law in the case of corporate issues.

It is unreasonable to suppose that half-a-dozen banking houses would be willing to risk the time and expense of setting up and registering a complicated corporate offering when only one of the six could be the successful bidder.

Despite doubts as to its soundness, the move for competitive bidding is stronger and more widespread than most bankers believe, and many in the financial community feel that the big underwriting houses are underestimating its strength and significance.

Higher Income on Savings

THE recent reductions in dividend rates paid on savings deposits have caused many thrifty people to look with growing favor on Federal Savings and Loan Associations, of which there are about 1,400 in operation throughout the United States. These Associations, which are private institutions operating under federal charter, are currently paying from $2\frac{1}{4}$ to 4 per

A PIECE OF PAPER
CAN STOP A FIRE



THREE'S a difference between protection and prevention—and when you have *both*, you're safest. Insured in American Mutual, and its associated companies, a person or firm obtains *security* in its broadest sense—freedom from risk, and annoyance as well as from financial loss. Yet few people insure themselves with coverage sufficient to repay *all* loss. That's why *prevention* is so important.

To policyholders, then, we offer *loss prevention* service along with insurance protection. We help home owners guard against fire and burglary, motorists avoid danger on highways, business offices prevent embezzlements, factories reduce injuries to workers.

Such service helps keep our losses low, and means lower net-cost insurance for you. All policyholders have always received

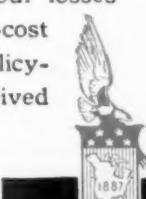
cash dividends equalling at least 20% of premiums (higher on certain lines).

Without obligation or expense, you can actually experience in advance part of the loss-prevention service we furnish to policyholders. **WATCH** is a fascinating picture-magazine that helps you avoid accidents at home and on the road. A free copy is yours for the asking. Write to Dept. X-4, 142 Berkeley Street, Boston, Mass.

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Do EMPLOYEES EXPECT YOU TO MAKE THEM LOANS?

Most workers who earn modest wages must sometimes borrow. Take the case of Joe, who runs the elevator in plant 3. His wife has just come home after a six weeks' stay in the hospital. Her recovery will take a big load off Joe's mind. But what about the bills that piled up after they had spent their savings? Joe takes his obligations seriously. He doesn't like being in debt. He will probably come to you for a loan.

Where workers can borrow

But your company may feel that it cannot and should not finance the emergency needs of all its workers. What, then can you do for your employees who must borrow?

You might suggest that they borrow from their local bank. But banks require collateral which wage workers seldom own, or co-makers whom they can't readily get. Perhaps they should try to borrow from their friends. But their friends need all they can earn to pay their own expenses. Where, then, are your workers to borrow?

Loans for emergencies

It is the job of Household Finance to meet this credit need. Every year Household Finance makes cash loans to thousands of wage earner families without bank credit. From Household responsible workers can borrow from \$20 to \$300 on a business basis and at reasonable cost. No co-maker or bankable security is required.

Borrowers repay their loans in small monthly installments which average less than 7% of their monthly income. This service helps modest income families to pay medical and dental bills, make repairs, keep insurance in force, pay taxes—meet money emergencies of many kinds.

Families learn money management

Household Finance believes that a family should avoid borrowing if it can. In keeping with this belief the company is carrying out a broad educational program to help families keep out of unnecessary debt. Through this program thousands have learned to organize family finances and to get more from their incomes.

Wouldn't you like to know more about Household Finance service and how it solves the problem of employee loans? The coupon will bring you further information without obligation.

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cent, which is substantially in excess of savings bank rates in many states. Accounts are insured up to \$5,000 by an instrumentality of the Government, and income received by investors is exempt from normal federal income taxes. Such institutions therefore have a strong appeal for thrifty individuals who are seeking both safety and a decent rate of return on their savings.

The growth of Federal Savings and Loan Associations has been one of the

"Scared Money" from Europe

THE continued fear of war in Europe and the apparent belief of foreign investors that the American markets offer attractive investment opportunities are leading to a transfer of enormous amounts of securities and funds from abroad. New York is gradually becoming the safe deposit vault for the world's wealth, on the theory that it affords a safer haven than do even

Profitless Prosperity(?)



E. T. Weir, President
American Iron & Steel Inst.

"Despite increased orders and production, the steel industry as a whole still is operating at a loss. This situation is the fault of managements which sell below cost of production. . . . There is no reason for such a situation except failure in the industry to be profit minded. . . . In the 10 years between 1930 and 1939, common stockholders have lost almost \$90,000,000 on their investment."

interesting financial phenomena of recent years. Their assets now total more than \$1,400,000,000. Private investment in Federals increased about 22 per cent in 1938 alone, which was a far more rapid growth than was enjoyed by any other type of thrift institution, and greater than in 1937 when the increase was 17 per cent. About 1,300,000 people now have savings funds invested with these institutions.

The Associations do not accept deposits as a savings bank does, and do not offer checking accounts, but instead sell "shares" in the institution, which can be redeemed at their stated value under sound repurchase provisions. The money received through sale of shares is invested primarily in home mortgages. Nearly 300,000 people are now financing the purchase of homes through these institutions.

The insurance of accounts applies only to their safety and eventual liquidation in full, but does not guarantee the liquidity of the account for payment in cash on demand. Withdrawals of funds are subject to certain restrictions as to time, which is necessary to permit orderly liquidation of assets to meet withdrawals.

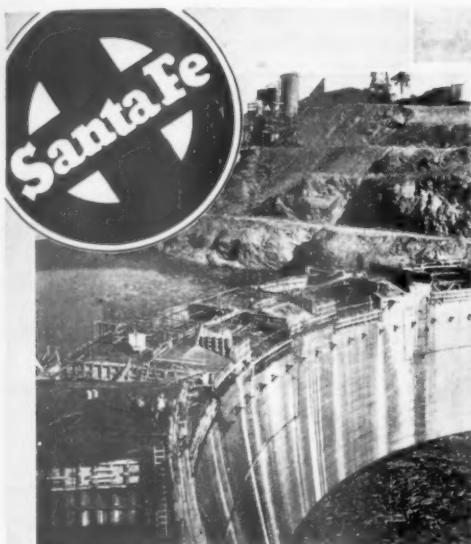
such neutral countries as Switzerland and Holland.

Recognizing this trend, European banking institutions have been making arrangements for the handling of such transfers and the supervision of assets held in the United States. The Credit Suisse recently organized the Swiss American Corporation in New York, and the Swiss Bank Corporation plans to open a New York agency soon. Certain Dutch and French banking institutions are also reported to be planning the establishment of American agencies.

In many cases, this influx of "scared money" from abroad represents merely the transfer of funds for safe-keeping against possible tie-up or confiscation. But it is expected that ultimately a large part of such funds will find their way into American investments with consequent beneficial effect upon market prices here.

The Proposed Brokerage Bank

STOCK EX-
CHANGE brokers, in the regular course of their business, have always performed certain banking functions. Brokers hold securities for



Every carload of material shipped in to Parker Dam moved via Santa Fe



Three-fourths of Parker Dam is invisible, buried beneath the bed of the Colorado River

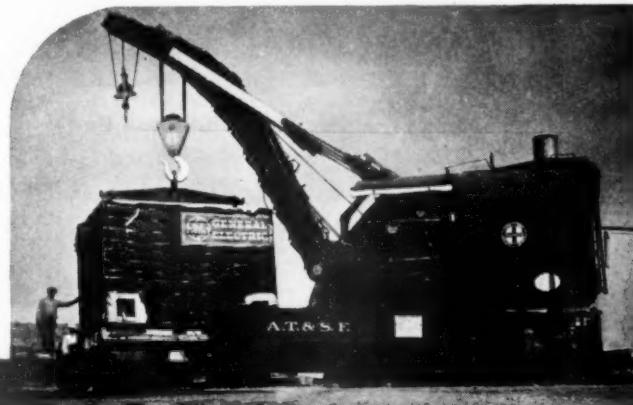


The first rush of water en route to distant California

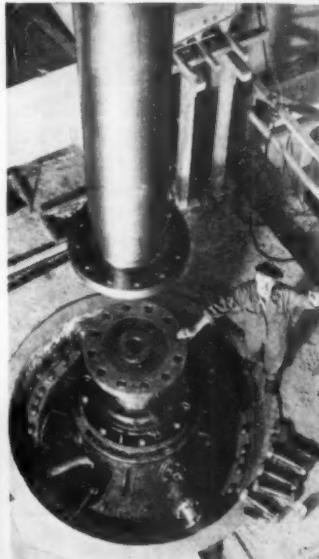
Santa Fe Helps to Build "The Deepest Down Dam in the World"

The new \$13,000,000 Parker Dam across the Colorado River, near Parker, Arizona, is frequently called "the deepest down dam in the world" • Parker's engineers faced exceptional problems. After diverting the river, it was necessary to dig 234 feet below the original bed of the Colorado to find safe anchorage for the dam's huge mass of steel and concrete • This excavation, involving removal of 1,500,000 cubic yards of earth and stone, is said to be the deepest ever made in a river bed • Parker Dam is an integral part of one of the world's greatest engineering projects—the \$220,000,000 Colorado River Aqueduct system. This system taps the Colorado for a billion gallons of water a day; lifts this water nearly a quarter of a mile; transports it across 330 miles of rugged desert and mountain through an incredible system of tunnels, canals, conduits and siphons—and then distributes it to the thirsty acres, homes and industries of the Metropolitan Water District, embracing 3,900 fertile square miles, surrounding Los Angeles, that holds 44 per cent of the population of all California • From famous Boulder Dam, 155 miles upstream from Parker, comes power for this stupendous operation. From the blue depths of new Lake Havasu, behind Parker Dam, comes the precious water.

• Completion of the Colorado River Aqueduct required years of planning, six years of titanic labor. Its construction would have been impossible without the railroad. From the bite of the first shovel, to the dedication ceremonies, the Santa Fe worked hand in hand with the engineers, delivering tens of thousands of carloads of infinitely varied materials • To every shipper over its lines, be he large or small, Santa Fe endeavors to give the same swift, sure, efficient service.



Santa Fe unloads part of a 9,000 H. P. motor for a Colorado River Aqueduct pumping plant



Installation of a 22-inch main drive shaft in one of five huge pumping plants

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Send for our free 32-page book that tells all about fence. Crammed full of illustrations. Shows 14 types — for home, school, playground, business. Tells how to have gates that don't drag — posts that stay straight. Whether you need a few feet of fence or 10 miles of it you need this valuable book.

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Please mail me, without obligation, a copy of "Your Fence — How to Choose It — How to Use It." I am interested in fencing: Industrial Property; Playground; Residence; Estate; School. Approximately feet.

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Export Distributors

UNITED STATES STEEL

their margin customers and are entitled to pledge such securities as collateral for loans. This is done with the full knowledge and consent of the customer, in order that the broker may arrange the loan needed by the buyer to carry securities on margin. But this means that, in the event of failure of an exchange firm, the assets of customers, as well as the assets of the firm itself, may be involved.

As a practical matter, exchange firms have had a record of solvency that is far superior to that of banks. But the S.E.C. has always looked askance at what it regards as a lack of suitable regulation over the banking phases of brokerage operation. Just as nature abhors a vacuum, so does any government body abhor the absence of regulation.

The Commission wants the strictest possible segregation of customer assets from a firm's own assets; and with this in mind, William O. Douglas, then chairman of the Commission, suggested last year the organization of a "brokerage bank" to perform all banking and custodian functions now performed by individual exchange houses.

Such a bank would hold all cash

and securities of the customers of exchange firms, would arrange margin loans, and pay out and receive customers' funds. The broker would simply execute orders.

Jerome Frank, present chairman of the Commission, is now insisting that the New York Stock Exchange agree to the organization of this brokerage bank or propose some suitable substitute that will accomplish the same purposes. So the Exchange recently appointed a four-man board to investigate the entire subject.

Most students of financial affairs object to the idea of the proposed bank because of their fear that it would involve a dangerous concentration of economic power in the hands of a single institution.

The ability of such a bank to vote proxies on all stock held in "street name" for the account of margin customers might give it virtual control of many of the country's greatest industrial and business enterprises. Control or supervision of the bank by a government agency would, in turn, place business control in political hands.

Aside from this question of the social dangers, most brokers object to the plan on other grounds. A large

Packed Vote



James G. Harbord, Chairman (left)
Radio Corporation of America

"Government relief will never be ended when more than a certain percentage of the electorate are receiving it. I intend no slur on worthy individuals when I say that those on government relief should surrender their right to vote. It is too much like a judge sitting in an action in which he has a financial interest."

portion of the income of brokerage houses arises from the differential between the rate of interest obtained by the broker on call loans and the rate he charges the customer for the use of such borrowed money.

This differential varies, but probably averages something between one and two per cent. And since the borrowings of a firm's customers are usually many times the amount of a firm's capital, the interest differential represents a substantial item of brokerage income.

Many brokers claim that the elimination of this source of revenue, which is for a legitimate service rendered, would be ruinous to their business.

The brokerage bank plan, if carried through, would completely disrupt existing brokerage house organizations and would cause a serious new unemployment problem in the financial district, because the major portion of brokerage house employees are engaged in the very work that it is proposed the new bank should perform.

Brokers generally, while they agree that the public should be afforded every protection, feel that the brokerage bank is probably the hardest possible way of solving a relatively simple problem of segregation.

Hurrah for the Chiseler!

(Continued from page 19)

That is true. But, to seek legislation that will guarantee them a profit, regardless of their personal efficiency, is to commit what I believe to be a major crime against public interest.

According to the estimate of the epithet-hurlers, all those in the automotive industry are chiselers. The selling price has swung downward and the quality curve has risen sharply from year to year. True, the competitive race did put a number of the less progressive motor builders out of business. But, hasn't the public enjoyed some happy and continuous dividends?

As a trade association secretary with offices in the capital of my state, I am thrown in close contact with the lobbyists. I am thoroughly familiar with pressure groups and their activities. I also know many legislators.

In the months when our legislature has been in session I have seen one special group after another trying to introduce and have passed a whole series of laws designed to curb the activities of those they call chiselers. I have heard some of the most footless, biased and silly oratory wasted on the subject.

Never once have I heard any public complaint of the chiseler. Too often, those using the word attempt to apply a meaning that is wide of the truth: that



WHEN you insure in Lumbermens, you are insuring in the company that leads all companies in America in volume of automobile casualty insurance premiums.

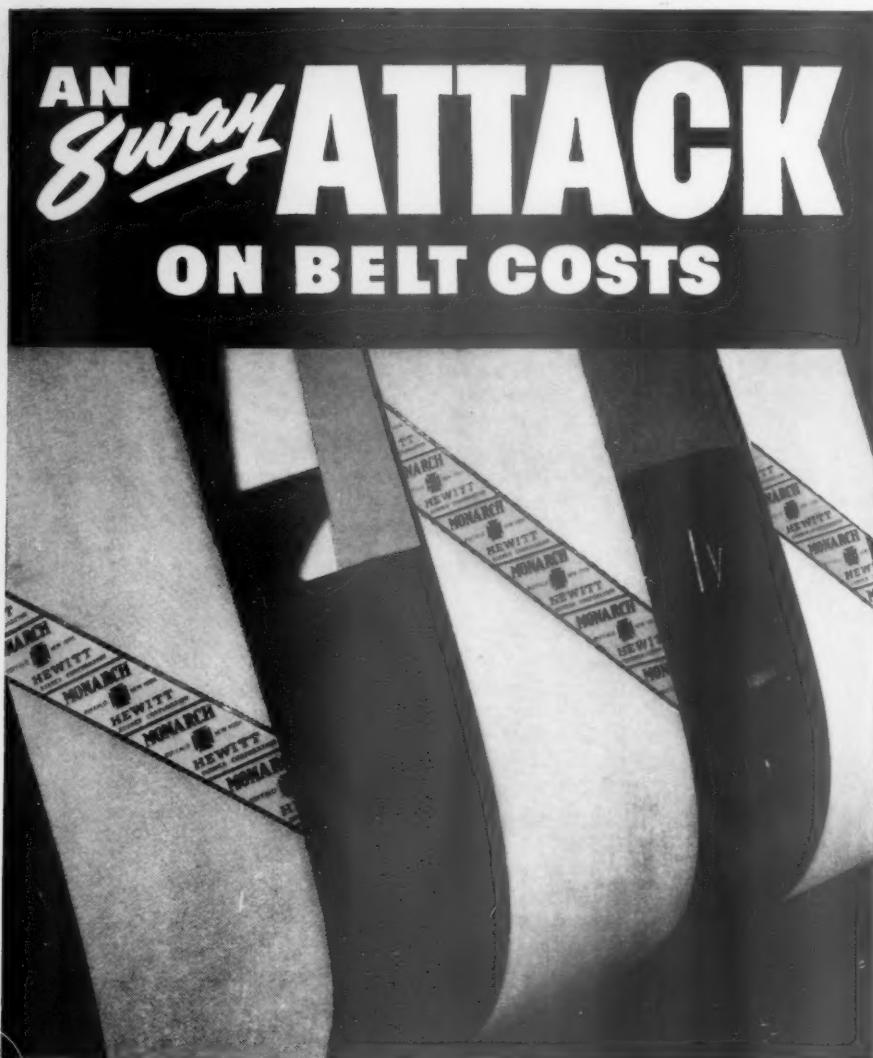
In addition, Lumbermens pays back more dividends to car owners than any other casualty company. Its policyholders have saved an average of over 20% on their insurance premiums every year since organization, through Lumbermens big cash dividends. In the last ten years alone these dividends have exceeded \$22,000,000.

Find out now how Lumbermens can save you money on your insurance. Check up on this strong company. Talk to your local Lumbermens agent or write to us for further particulars.

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JAMES S. KEMPER, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A.
Save With Safety in the "World's Greatest Automobile Mutual"



The 8 major features of Monarch Transmission Belt are a powerful attack on your belt costs. Monarch's flexibility, minimum of stretch, truer-running, greater traction, and the way it has eliminated usual worry over ply separation are things to boast about. There's moisture protection, too, and edge wear is drastically reduced. And there's a bonus of extra wear in every Monarch Belt, because it can be operated with either side to the pulley.

HEWITT TRANSMISSION BELTS

Just remember HEWITT Belts are made to lower your operating costs. Your HEWITT distributor will tell you about the HEWITT Transmission Belt best suited to your needs. He's listed in the classified telephone directories of industrial centers under "Rubber Goods" or "Belting".

MONARCH SENECA
SAGAMORE MOHAWK
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1859 For 80 years, HEWITT Brands have been recognized as outstanding examples of advanced research and exceptional craftsmanship. 1939

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RUBBER CORPORATION, BUFFALO, N. Y.

HOSE • CONVEYOR AND TRANSMISSION BELTS • PACKING

the chiseler gives short measure.

That isn't why legislative relief is sought. We have in every state today laws that fully protect the consumer against short measure, adulteration or substitution.

Asked to define the word, those who use it generally confess that they mean an individual, a firm or a group that sells at such a low cost that the rest of the business or industry cannot follow without economic disaster. Further they do not go.

"Here's one per cent (change to fit any condition) of this industry selling at a price that is wrecking the profit of 99 per cent of the industry. That's not fair. We want control. We deserve a profit and we want a law passed to keep the chiselers out."

Is anything said about the introduction of greater efficiency? About the 99 per cent raising the standards to a point where the margin of profit may be decreased? Is John Q. Public ever asked if he thinks the chiseler is a menace?

Public likes low margin

THE dealers in one field have been seeking legislation for several years that would drive the chiselers out of that field. They feel that they deserve a guaranteed margin of, let us say, four cents a unit on the principal product they handle. They are asking for this regardless of the fact that there is a wide variance of selling costs in that field. The so-called chiselers today are getting the volume.

They have reduced their gross profit to a point, in a number of instances, where they are making less than one cent profit per unit. Who is making a profit in this field? Who enjoys the volume? Who has the respect and affection of the buying public? The chiselers, of course!

Frankly, isn't the fellow who demands legislative relief the real chiseler? Instead of chiseling his competitors he is chiseling his customers!

As long as there are more customers than competitors, it's simply a question of where you stand, as to the identity of the alleged chiseler.

I've known many of these chiselers. They are able to sell cheaper, to make a better product, because they have something their competitors haven't got: common sense, a capacity for hard and continuous work, an accounting system that enables them to keep an eagle eye on every department. They are paying their bills and bankers hold them in high esteem. They are paying decent wages and their pay rolls are growing steadily. If being called a chiseler is the penalty they pay for being progressive and ahead of their times, then surely they deserve the reward of volume.

The chiseler is here to stay and the sooner we cease to regard him as a menace, the sooner business and industry starts to work to improve products, to cut out needless waste motion instead of seeking legislative relief then we will all be happier.

The chiseler isn't a bad guy!

State Law Mills OK Many Bills

LAW grist ground out this year by state legislatures reflects a major concern with social welfare and reorganization of public administration. With all except four of the 44 sessions of 1939 adjourned by mid-July, new tax and finance measures were passed up for the most part and few new enactments appear on the books.

Approximately 600 welfare laws received legislative approval and have been signed by governors. Pensions and other forms of assistance claimed legislative attention without exception, old age assistance proposals alone totaling more than 700. Most of the pension bills that passed redefined eligibility for aid and occasionally broadened coverage, steering clear of increased monthly checks.

Considerable unemployment compensation legislation was enacted to conform to recommendations of the advisory council on social security of the Social Security Board. Changes to improve administration of state welfare departments were made in Arkansas, Iowa, Kansas, Minnesota, Oregon, Tennessee and Washington.

Health measures advanced

IN THE public health field, legislatures of Iowa, Maine, New Hampshire, New Mexico, Ohio, Rhode Island and Vermont passed special enabling acts permitting non-profit hospital service plans under regulation of state insurance departments. Utah approved legislation permitting group medical and dental care. Ten states were added to the ten already requiring pre-marital blood tests, seven additional states approved blood test mandates for expectant mothers.

With economy an important objective, many of the reorganization plans effected centralization in state governments and increased power of governors. Rhode Island, which abolished entirely the present structure of administrative divisions, made broad reallocations of departmental functions, for an annual saving of \$1,000,000 in operating expenses. Iowa considered 66 reorganization bills, passing 51. Minnesota pioneered in creating a Department of Administration headed by a commissioner who virtually will be "state manager." Arizona, Kansas, Maryland, Oklahoma and a dozen other states approved less inclusive administrative changes.

At the risk of leaving budgets unbalanced, legislators in many states carried out campaign promises of "no

IS OUR CREDIT POLICY TOO STRICT?

*Avoid THOSE
INVISIBLE
LOSSES*

Your credit manager is only human. Haunted by recent unexpected credit losses, he tightens up unduly — and throws good business into the lap of competitors. Such "invisible losses" are easier to prevent than to recover. Simply remove the *fear* of losses by having

American Credit Insurance

The advantages of such coverage are obvious to astute executives. First: Capital and profits are safe from the inroads of excessive credit losses because "American" guarantees payment on all goods shipped under the terms of the policy. Second: Capital *works* because claims are paid and delinquencies liquidated *promptly*. Third: "Insured receivables" strengthen your own position with your bank. Fourth: Well planned sales programs cannot be disrupted by sudden heavy losses. Fifth: "American" protection is economical in dollars and cents.

Manufacturers, Jobbers: Don't risk losses from insolvencies, reorganizations, delinquencies. Investigate "American."

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STATES AND
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How eye-appeal underfoot moves men's wear in shops from coast to coast

SELLING suits, ships, or sealing wax—you need a trade-inviting background to move merchandise today. And there's no better way to start than with an eye-appealing, long-wearing floor of Armstrong's Linoleum. Here's a floor that welcomes trade with gay color and smart design. It welcomes heavy traffic, too. Add to these qualities, comfort, quiet, ease of cleaning, and you have the reason Armstrong Floors are boosting business wherever the public walks. See your linoleum merchant for facts and figures. And write for "Better Floors for Better Business," which brings you the complete wear, care, cost story. No charge (outside U. S. A., 40¢). Armstrong Cork Company, Floor Division, 3909 Coral St., Lancaster, Pa. (Makers of cork products since 1860)



An invitation to buy is cordially extended by this floor of Armstrong's Linoleum in the Boys' Department of Battelstein's, Inc., Houston, Texas. The pleasing effect is obtained with diagonal strips of brown and gray with a black border.

A note of individuality is given the Stone Clothing Shop, Arkansas City, Kansas, by this Armstrong Floor of special design. With Armstrong's Linoleum it is easy to have floors designed to suit the personality of your business.



Sales went up when this floor was installed in the Wonder Clothes Stores of Baltimore, Md. It is Armstrong's Linoleum, in Jaspé, Marbellé, and Plain colors that catch the eye and start sales. This distinctive custom design shows what can be done with floors of Armstrong's Linoleum.

ARMSTRONG'S LINOLEUM FLOORS

Custom-Laid or Standard Designs

PLAIN • INLAID • EMBOSSED • JASPE • CORK TILE • ASPHALT TILE
RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS

new taxes." Several states met financing problems temporarily by the method of Pennsylvania, which re-enacted the entire tax program of the previous biennium.

Among new levies were the two-cent cigarette tax in New Hampshire, New York and Rhode Island, which brought to 24 the number of states levying this type of tax. Use taxes were added in New Mexico, North Dakota, South Dakota and North Carolina.

Liquor taxes were raised in Arkansas, Delaware, Indiana, New York, Maryland, Tennessee and Vermont. North Dakota increased the gas tax one cent and new diesel fuel taxes appeared in Florida and Oklahoma. A classified income tax was enacted in Maryland. California enacted a gift tax.

Laws to regulate lockouts and picketing and to facilitate settlement of industrial disputes were approved in Michigan, Minnesota, Ohio, Pennsylvania, Rhode Island and Wisconsin. Pennsylvania amended its labor relations act to permit employers to appeal for elections in labor disputes, and also outlawed sit-down strikes.

Agriculture had recognition on several calendars. Montana, Vermont and Texas enacted soil conservation measures. Oregon, which recodified its entire agricultural law, provided for establishment of state forests and state acquisition of cut-over lands.

West Virginia created a model system of parole and probation with a full-time director and staff and simplified the state's minor judiciary.

Oklahoma enacted a stiff slot machine law providing for removal of county officials where gambling devices operate for any length of time. Texas increased penalties for writing "hot checks." West Virginia stamped participation in numbers lotteries a felony. Indiana is the first state to recognize scientific tests for intoxication as evidence of drunken driving.

Civil service and low-rent housing moved forward with new legislation. Action by Alabama, Minnesota, New Mexico and Rhode Island brought to 17 the number of states with merit systems. Arkansas repealed its civil service law. Arizona, Idaho, Missouri, New Mexico and Washington acted to enable cities to enter the public housing program.

Trend toward interstate action on common problems was strengthened with creation of commissions on interstate cooperation in Utah, Maine, and Delaware. Forty-one states, the Council of State Governments reports, now have these agencies. Half a dozen states repealed laws acting as barriers to free interstate trade.

How We Beat the Accident Bug-a-boo

(Continued from page 18)

excuses. Not long ago the graph showed the driver of a heavy truck was driving irregularly about four o'clock on four consecutive afternoons, along an almost traffic-free boulevard. He was called into Martin Brogan's office.

"What's the trouble, Bill?" asked the superintendent of transportation, laying out the four tell-tale records.

The driver frowned.

"I must be seeing things," he said. "I was just about to pull out and report some screwball. He's been driving in front of me for four days, apparently trying to make me hit him. He stops quick, and turns across the highway."

This story, if true, called for official action. We called the police. The driver repeated his account, and gave them the man's license number. The law reached out its long arm, and later that day the culprit admitted he was trying to be hit just hard enough to prosecute a damage claim successfully.

I cite the case merely to indicate that the robot-recorder sides with the drivers fully half the time.

A "court" to prevent accidents

FOR a brief period we offered cash awards for good safety records. Shortly, however, we learned the men took greater pride in badges attesting their skill and carefulness. This observation led to formation of a "kangaroo court."

Several committeemen gather around the table each month to hear any drivers involved in mishaps. These include Bill Summers, the dispatcher; Frank Emerson, the head bookkeeper; L. I. Johnstone, chief engineer; Ed Hicks, assistant superintendent of transportation; and Barnes, representing the insurance company. Brogan appears as counsel for the defense.

No accident is too small to bring a driver before the court. Of one thing he may be sure: he will receive fair treatment. He is not looked upon, as in a court of law, as "the accused." Rather he appears to discuss the circumstances, to determine with the committeemen how others can be prevented. Yet, in a sense, he is standing trial and, if found guilty, receives a sentence the severity of which depends upon his culpability, and not upon the seriousness of the mishap.

Our program has improved all-around efficiency through the organization to an unmeasurable degree. It extends into places where certain losses were formerly taken for granted. Two years ago, for example, damage within the truck yard averaged \$150 a month. Slammed doors, cracked head lamps, backing into buildings. But no more do these seemingly trivial accidents occur. Our yard loss is virtually nil. We now are a preferred risk, whose business any insurance company would be delighted to write. Thanks to our Motor Transportation Operators who responded like men to treatment which should be accorded men.



1. Bill Tyler and Jack Brown share the secretarial services of Ann Tracy . . . and what trouble they used to have!



3. And when Jack had rush dictation to do, she would be busy with rush work for Bill. It was tough for everyone—



5. Now both men can dictate notes, memos and correspondence at the same time and whenever they want.

Easy way for DICTATORS to get together



2. It seemed that almost invariably when Bill wanted to dictate, Ann would be tied up doing Jack's work . . .

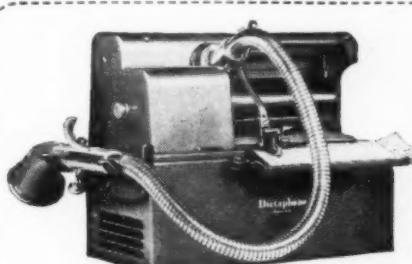


4. Then one day the Dictaphone salesman demonstrated how Dictaphone would keep everybody happy.



6. And Ann gives them better personal service than ever before. Dictaphone enables them all to work together.

Have you a dictation problem? You have, if you still rely on old-fashioned, two-person dictation, wasting time and money. Try Dictaphone at our expense. Prove for yourself how much easier it is to use this modern dictating machine. Mail the coupon today!



The word DICTAPHONE is the Registered Trade Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

DICTAPHONE

Dictaphone Corporation, 420 Lexington Ave., N. Y. C.
In Canada—Dictaphone Corporation, Ltd.

86 Richmond Street, West, Toronto

I should like to talk with someone about the loan of a
Dictaphone at no expense to me.

Please send me copy of "Danger, Nobody Working."

NB-9

Name _____

Company _____

Address _____

Out of the Funny Page, Onto the Farm

(Continued from page 22)

tised, puts up a building, gets a government leaflet—and thinks he is ready to begin. What is needed, according to the successful goat-dairy people, are a certain amount of capital, the best equipment, general business ability and experience, and a certain amount of "goat sense."

For the encouragement of the beginner it should be pointed out that some of the most successful goat-dairies were started on the proverbial shoestring, and a good many, like that of Juan Ceballo, a Wall Street broker, originally started merely as hobbies, or, at best, side-lines.

However, to command a high price, the milk must be produced under the most rigid sanitary requirements. Too many people keep an insufficient number of goats to make a dairy fully profitable, the leaders in the industry say. Whether you raise one goat or 100, a modern sanitary barn and a milk house must be provided. Marketing, delivery, and advertising charges must naturally be deducted from the profits. Barns need not be elaborate, and like those of Freeman Prasse on Staten Island, can be homemade, but they must be designed to reduce the amount of labor needed, and to permit scrupulous cleanliness. A steam sterilizer for bottles and utensils is necessary, as well as a milk cooler, an

aerator, and a small refrigerator for storage.

"Finally," says *The Goat World*, organ of the American Goat Record Association, quoting an outstanding dairy owner, "the three rules for successful goat-keeping are weed, feed, and breed: weed out poor producers, feed well those you keep, and breed for better production."

One prime advantage the goat-keeper has is that goats, unlike cows, are rarely susceptible to those two dreads of the dairy-man, tuberculosis and Bang's disease. However, they are sometimes susceptible to pneumonia, and must be kept in a dry place, out of drafts. Although a cow produces more milk than eight goats, six or seven goats can be kept at the same cost and trouble as one cow. In a year the goat produces 15 times her own weight in milk, and gives in proportion to her weight twice as much milk as the cow.

One of the industry's biggest tasks has been combatting the curious legends which have grown up around goat's milk. A good many persons still think of it as an odorous, bad-tasting fluid. Actually the milk has about the same taste as cow's milk, although goat's milk is whiter and, because of its fat composition, rarely raises cream in the bottle.

Furthermore, far from being filthy,

the goat is much more finicky about her food than a cow.

Another serious problem is that goats can only rarely be bred in the spring and summer. This makes it difficult to obtain a uniform year-round milk supply. The Missouri Agricultural Experiment Station has already begun a study of the problem.

A sale for more products

ALTHOUGH the main output—and the money—lies in goat's milk at present, butter, ice-cream, and cheese are also marketed.

Cheese has been termed by some as "the brightest spot in the goat industry." Millions of pounds of goat cheese are now imported annually and wholesalers are said to be eager to handle domestic cheeses when they are available in adequate quantities. One of the largest manufacturers of goat-milk cheese has repeatedly stated he has but two difficulties: getting enough milk, and, as he puts it, "trying to keep the business from running away from me." He can and does sell all the cheese he can produce.

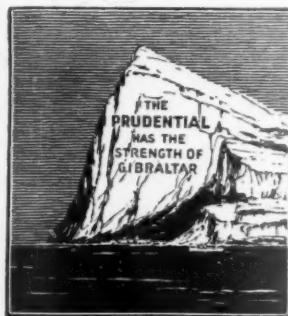
By-products of the industry include manure, particularly in demand by florists, and goat's hair, which when shorn in the spring is used for horse-collar stuffing and mattresses. Milk dairymen hope, too, that eventually this country, as Europe does now, will eat goat meat as readily as lamb, which the kid sucklings resemble in delicacy and tenderness. There is already an active market for them in some regions.

Says Professor Marquardt:

Each year we import from 60,000,000 to 100,000,000 pounds of goat skins from India, China, Brazil, Spain, Argentine. Even Sweden, Canada, and France enjoy our market. In this country the question has hardly been touched. It would be worth while for the various goat associations to know more about the goat hide and hair industry in our country.

Because of our vast importations, it can be supposed that there would be a ready market for all skins that could be produced, since they are widely used in the manufacture of shoes, gloves, book-bindings, pocket-books, and similar articles. As a rule the skins are worth from 25 cents to 50 cents each.

In Europe the goat is often spoken of as the "poor man's cow." In the United States the milk-goat industry is only in its infancy. It has every promise of becoming more important as people become better acquainted with its possibilities. Although the goat in the past 35 years has been found to be well adapted to our country, it takes time to educate men and women to the value of any new industry. For those in the vanguard, goat-keeping offers modest but fairly certain profits, the joys of pioneering—and little competition in an industry where the ultimate results seem to justify the hard work and long hours which are inevitable parts of this seven-day business.



ALWAYS IN FULL
AND ON TIME

Two mighty important advantages of
life insurance proceeds paid as
monthly income.

May we show you our latest plans?

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA
HOME OFFICE: NEWARK, N. J.

The Riddle of Employee Seniority

(Continued from page 25)

Companies have solved this problem in a degree by inserting clauses in their union contracts which permit the retention of a fixed, and usually small, percentage of the working force regardless of seniority.

Inflexible seniority rules, especially in periods when business is not expanding rapidly, create a danger that the average age of industrial employees will rise to a level at which it interferes with efficiency. With the veteran employee protected in his job so long as he is able to perform it with fair competence, and with laid off ex-employees waiting to snap up positions that become vacant through deaths or resignations, there is little opportunity to infuse new blood into an organization. Socially minded employers are perfectly willing to retain a reasonable number of aging employees, so long as youthful workers can be fed in at the bottom. Under some seniority agreements, however, they must go much beyond this point in giving preference to older workers.

Seniority limits employees

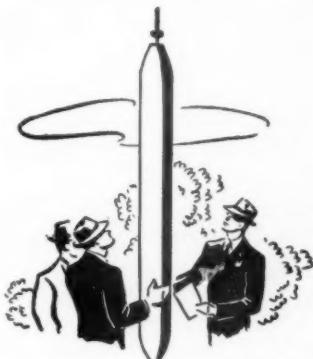
FROM the standpoint of the wage earner himself, undue emphasis on seniority is a disadvantage because it tends to chain him to one company or one community and thus to prevent him from obtaining a broad and varied experience. Thus he is in danger of becoming narrow and provincial and of not qualifying himself for advancement or genuine success if the opportunity comes. Moreover, this worker is unable, without serious economic risk, to correct any mistakes he may have made in taking his first job. However much he may wish he had started as a coal miner instead of a textile worker, he dares not lose his grasp on the job he has and seek employment in a vocation where presumably the places already are filled.

It seems clear that undue emphasis on seniority is forcing industry into a situation that imperils the interests both of employers and of employees. What is to be done about it? Certainly the whole principle of seniority is not going to be abandoned, nor should it be. Held within reasonable limits, it is an implement not only of justice but of good management. The problem seems to be to find and enforce these reasonable limits.

One obvious thing that should be done is to exercise better judgment in hiring and placing employees, and then to transfer or weed out misfits before their length of service gives them claims to permanent jobs. This process, if carried out with sufficient perseverance and intelligence, would go a considerable distance toward eliminating the demoralizing results of a rigid seniority system. It could never entirely solve the problem, however, partly because not even the most expert employment man-

BURIED TREASURE FOR THE 70TH CENTURY

by Westinghouse



Many people have asked us how the Westinghouse World's Fair Time Capsule came into existence. Why should an electrical company be so interested in what the people of 5,000 years hence think of us?

It all started with the slogan of the New York World's Fair. Most people, we knew, were thinking of "The World of Tomorrow" in terms of ten or more years. Why not, somebody suggested, take a real leap into the future?

Groups of scientists, to whom we appealed for advice, applauded the idea of preserving something for the future; said it was too bad the Egyptians, and the Sumerians, and the Mayas hadn't been as thoughtful. Librarians, printers, historians and others helped with suggestions for the Book of Record of the Time Capsule, which is expected to preserve the story of the Time Capsule for future generations. A committee of engineers decided that one of the newest alloys, Cupaloy, could be counted on to resist corrosion, pressure and other hazards for many thousands of years. By using the latest techniques, such as microfilm, we were able to cram an astonishing lot of information, and several hundred articles and materials of common use, into the Time Capsule.

Through it all, we had the help and enthusiasm of many of the country's foremost scholars and scientific men. In fact, it was an illuminating experience to learn how pleasantly men and women in all walks of life can cooperate in the working out of a simple, uncommercial, imagination-provoking idea. It was an emotional experience, too. On the day when the Time Capsule began its long rest, at the site of what is now the Westinghouse Building at the New York World's Fair, more than one person in the audience wiped tears from his eyes when the glistening Cupaloy Capsule began its solemn descent.

But what's the nub of it? Well, we think the Time Capsule attracted such wide and kindly interest because it is a sort of symbol of our age; an age of which most of us are intensely proud in spite of many difficulties and shortcomings. An age that not only believes it has something of great value to preserve and pass on to the future, but equally significant, one that *knows how* to preserve it—at least the material part of it.

We hope the "futurians" do find the capsule, of course. If they are so far advanced that the objects we have left seem only toys to them, we think they will nevertheless be interested to know that an age otherwise pretty intent on its own problems, still found time to think of the future.

GOOD BUSINESS NEWS



ASSURED that OPEN ACCOUNT FINANCING was the easiest and soundest way to finance their business without increasing their capital investment, MAJOR MILLS, Inc., * eliminated one stubborn problem by a simple change in method.

They changed from the Notice to Customers to the "NON-NOTIFICATION" Plan. Customers had objected to having a third party in every transaction—an outsider supervising credits, and making collections. Continuance of the former plan threatened the loss of some desirable accounts.

Investigation of our "NON-NOTIFICATION" Plan quickly led to its acceptance.

It restored to MAJOR MILLS, Inc. its proper function of passing on credits to customers.

It re-established the routine of having customers make direct payments on usual terms.

It eliminated red-tape, complications and delays. It eliminated outside interference with the operations of their business.

It enabled our client to expand through new outlets. By the end of the first year MAJOR MILLS, Inc. was able to show an increase in volume from an annual rate of \$585,000 to better than \$1,000,000.

* * * *

Frequently we are able to show how concerns can multiply the working power of present capital and finance substantially increased sales without adding to capital investment or negotiating time loans. Our booklet "CAPITAL AT WORK" explains. Let us send you a copy. Write to Dept. "NB." No obligation.

**A fictitious name, but the facts and figures, taken from our records, can be certified.*

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

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PORLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$65,000,000

agers are infallible in their judgment, and partly because the abilities and dispositions of employees change with the passage of years.

Another partial remedy is to be found in adequate training programs, conducted for the purpose of making the efficiency of the employee grow with his length of service. Through methods of this kind it often is possible to develop long-service employees so that when promotions are called for by seniority they will be qualified for the new jobs.

Rating plans may help

TO determine relative efficiency of employees and their suitability for retention or promotion, rating plans often will be found useful. In connection with seniority, rating is of a special value when the employer's policy combines length of service and efficiency in determining what is to be done with a particular employee. A rating plan, especially if employees or their representatives understand and agree to it, will help eliminate disputes over individual differences in efficiency and charges of discrimination and favoritism.

In any consideration of special remedies for the diseases induced by over-developed seniority regulations, thought naturally turns to early retirement. It is easy to argue that, if all workers were pensioned, either by industry or by government, at the age of 55 or 60, there would be plenty of jobs and plenty of opportunities for promotion for the younger men. Against any wholesale adoption of this program, there is an unanswerable financial argument. Not in the easily predictable future will it be possible for the country, without a revolutionary readjustment of living standards, to maintain in unproductive idleness the increasing proportion of its population in the higher age brackets.

Granting all this, it still may be suggested that many employees remain in active service up to ages at which their retirement on pensions would be of advantage to themselves and to their employers.

More important than methods and mechanism, however, is the attitude of management and workers toward the whole subject of seniority. Company policies and union contracts should be clear enough to prevent possibility of misunderstanding. If an employer thinks it necessary to agree that he will recognize straight seniority, he may as well say so plainly and then not try to avoid the consequences of his choice. It is far better, however, for both management and employees to face the fact that job security for the older workers is valuable but that it is purchased at too high a price if it hampers efficiency, increases costs, and ultimately degrades the general standard of living. Much will be gained if all the factors in the seniority problem are talked over frankly between employers and workers' representatives. On most points, agreement will be comparatively easy. Such difficulties as remain will seem less nearly insoluble if all concerned face the facts frankly and honestly.

Swapping Workers in Seasonal Slacks

(Continued from page 44)

chart that is reproduced on page 44. It is plain to see that, theoretically, if certain workers could be shifted from Women's and Children's Clothing, along in July, to the Canning Industry, and then, when that industry had passed its peak, October 1, into the department stores for the Christmas rush, both employees and employers might benefit.

Careful selection would needs be made so that transferred employees could readily adapt themselves to the new job. A certain amount of training would be necessary. However, if the transfers became a regular practice, year after year, this floating class of workers would be pre-trained for two or three jobs.

The principle is much the same as that of the Flying Squadrons of Goodyear and other progressive companies. These squadrons are composed of versatile workers ready at a moment's notice to step into a department which needs a lift.

Sound in a given business, the principle, modified, should be sound for several businesses. This is what the Industrial Relations Association of Chicago thinks; and is trying to experiment toward a practical going plan. Already, it is said, certain transfers have been made. The "in's" and "out's" examinations, tests, and all the rest of the employment practice that consumes so much of supervision's time is largely short-circuited.

No panacea for employment

CAUTION is urged by the proponents of the Chicago movement that it not be looked upon, yet at least, as a panacea.

"The whole situation, as yet, is a very modest attempt on our part," states one personnel director in Chicago:

We approached the problem from the standpoint of trying to think about those industries that would be seasonally dull when we were seasonally heavy, and, second, those industries that might have jobs requiring similar types of abilities as those jobs which we have. We are working on further development of the idea.

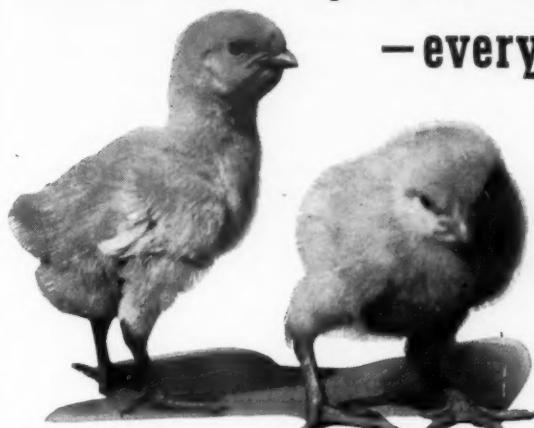
Widespread application of the idea has seemed to us possible only when the conditions are somewhat favorable. It seems to us that the movement is in such a beginning state that much experimenting and trial should be experienced before final claims are made for it.

At the most, the dove-tailing process will cover only a small portion of our employed population.

When the questions were raised as to varying rates of pay, how they were adjusted, and how conflicting company policies were reconciled, the answer was made that no standard formula had been developed that would answer such questions. These answers have to be left to the individual companies to work out, on the basis of the individual situations.

So far, the plan has not involved exchange of supervision.

Mailing 18,000 LIVE chicks —every morning!



*"Looks like we're
going for a ride...
and I don't like it!"*

EVERY morning in the peak spring season, 18,000 baby chicks are mailed from the Hayes Bros. Hatchery in Decatur, Ill. These live "powder puffs" are fine stock—but they can't live more than 72 hours without attention. So it's mighty important to get them to the buyers as fast as possible in the best condition. And Hayes Bros. depend on parcel post—and the Pitney-Bowes Postage Meter. The chicks are tucked into strong ventilated cartons, packed as close to train times as possible. The cartons are weighed, postage computed and the exact postage for each carton is printed on gummed tape by the Postage Meter. The mailing goes off swiftly, smoothly, efficiently.

WHEN you have a Postage Meter, there are no adhesive stamps to separate, count, stick, guard or account for. The Postage Meter prints your postage, prints a dated postmark and advertising slogan at the same time! The Meter protects your postage, and the people who

handle postage. It prevents stamp thefts, stops stamp losses, cuts postage costs. It never runs out of stamp denominations! And on office mail, the Meter seals envelopes, speeds up mailing by as much as 400%. Visible counters show postage on hand, postage used, pieces mailed—make postage accounting easy. Metered mail need not be faced or cancelled in the postoffice, gets on its way faster.

There is a Postage Meter model for every business, large or small; for every mailing or parcel post requirement. Ask the nearest office of the Postage Meter Co. for a demonstration—and let the Pitney-Bowes Postage Meter handle your own mail in your own office, and show what it can do!

FREE—a POSTAGE COMPUTER. Pocket size, "slide rule" type. Easy to use, invaluable. Shows instantly postage costs for all classes of mail; parcel post all zones up to 24 lbs.; with digest of important postal information. Write to address below.

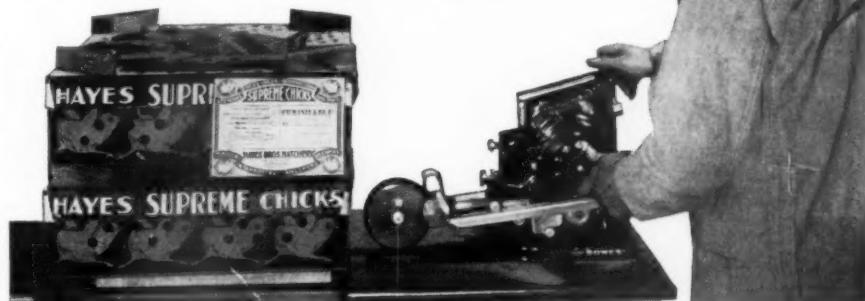
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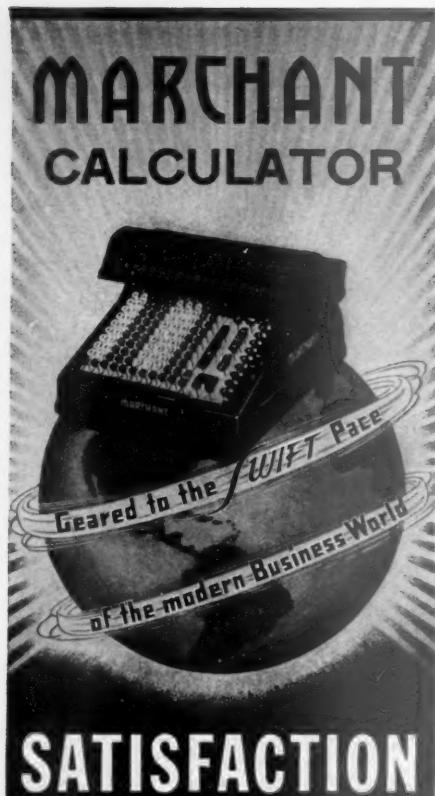
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MEMO...

for Busy Readers

1 • Outborrowing Micawber 2 • Older people rehired 3 • The typical governor 4 • Spending by machine 5 • Restricting trailers

Federal Govt. Chief Debtor

IN the last 25 years the federal Government has replaced American municipalities as chief governmental debtor. Of the total federal, state and local debt in 1912, local governments owed 72 per cent, and the federal government 21 per cent. By 1937, the figures were transposed, the federal government owing 70 per cent and local governments 25 per cent of the total. Evidence of this shift appeared as early as 1922, but the 1932 figures revealed a temporary trend toward the 1912 positions.

On a per capita basis, total governmental debt rose from \$50 a person in 1912 to \$383 in 1937. Between 1912 and 1922 the per capita debt rose by \$253, compared with an increase of \$31 between 1922 and 1932, and \$69 from 1932 to 1937, reports the Federation of Tax Administrators after analyzing figures compiled by the Bureau of the Census and the Twentieth Century Fund.

While the federal debt increased by \$13,000,000,000 between 1932 and 1937, the debts of the states remained about the same and the local governmental debt decreased by more than \$3,000,000,000. Meanwhile, total debt of the country, governmental and private, remained about the same in 1937 as it was in 1929—\$250,000,000,000—although there was a shift in who owed whom.

Increase in the federal debt between 1929 and 1937 was offset considerably by greatly increased holdings of cash and claims against assets of governmental agencies. Items listed in the analysis as offsets increased from \$600,000,000 in 1929 to \$7,250,000,000 in 1937, and included cash, bonds held by the Postal Savings System, and recoverable assets held by various federal credit agencies such as the Reconstruction Finance Corporation, Home Owners' Loan Corporation and the Public Works Administration.

Age No Bar At Monsanto

BELIEF that employers discriminate against workers over forty persists in the public mind. Monsanto Chemical Company, St. Louis, got curious about ages represented by its own pay roll, decided to look into employment records of its ten plants. Upshot is showing that 34 per cent of all male employees are more than 40 years old.

When sales recession developed in September, 1937, company laid off 72 men

over 40, 8.6 per cent of the total number furloughed. From June, 1938, to March, 1939, when business picked up, company hired 93 older workers. Latest report is that Monsanto has recently added 30 per cent more older men than were laid off in the slack period beginning late in 1937.

AVERAGE STATE Composite View governor is about 51 years old, gets a yearly salary of \$7,916, is a lawyer, has three children, prepared for his job by serving in the state legislature, is serving his first term.

Youngest governor is Harold Stassen of Minnesota, 33 years old. Oldest is Luren D. Dickinson of Michigan who, at 80, is holding his first governorship after serving as lieutenant governor for seven consecutive terms. Twelve governors are 45 or under, 22 are between 46 and 55, and 14 are 56 or more.

Although average salary now amounts to \$7,916, Council of State Governments reports that it will go up to \$8,155 in 1940. Salary in Louisiana will increase from \$7,500 to \$12,000; in Kentucky, from \$6,500 to \$10,000; and in West Virginia, from \$8,000 to \$10,000.

Average governor serves either a four-year or a two-year term. In 24 states, the term is for four years, in 23 term is for two years. In New York governor serves for three years.

Seventeen states have constitutional limits to the number of terms a governor may serve. In 13 states, a governor may not succeed himself. Governors in Delaware and Oregon may serve two consecutive terms; in Tennessee the chief executive may serve three consecutive terms. There are no constitutional limits to length of service in other states.

HIGH pressure job of getting out large volume of payments in limited time has brought many cities and states to use of check-signing machines without special charter or statutory authorization. Cities include New York, Boston, Milwaukee, St. Paul, and Saginaw, Mich.

No special legislation was necessary to permit use of the machines in Boston because, city officials said, for all intents and purposes signatures are regarded as originals. Milwaukee's city council authorized use of the machines, although it had no special charter or legislation. Use of the machines in Sag-

naw was authorized by the city manager.

Missouri has no legislation permitting signatures by check-signing machines, but the state auditor cited as his authority an opinion from the state attorney-general. St. Paul has no special authorization, but the city asked its surety company for a special endorsement on its policy covering forgeries.

New York City has used check-signing machines for 30 years without legislative authorization. This year, the city's administrative code was amended to provide for acceptance of facsimile signatures on warrants and checks by banks and trust companies.

Information with regard to use of machines is based on a report of the Municipal Finance Officers' Association of the United States and Canada.

Trailer Rules Now Tighter

RASH of municipal ordinances affecting use of trailers reveal variations from city

to city. New regulations approved this year are effective in Dayton, O., New York City, White Plains, N. Y., Tulsa, Cincinnati, Memphis and Arlington County (Washington, D. C., suburb), Va. Under these ordinances trailer operators must comply with health and sanitary regulations and, in some cities, with zoning laws. Several cities limit the time a trailer may stay.

With more than 300,000 persons living in auto-trailers, the American Society of Planning Officials sees a serious problem confronting city health and housing officials. A major aspect of the situation is that public and private camps in which trailers may park are, for the most part, inadequately equipped with plumbing and electricity. This deficiency has increased need for more stringent regulation and control, the Society reports.

New Trains Raise Revenue

TONIC for ailing passenger business of U. S. railroads was found in development

of fast, streamline trains. After five years' test, question of whether they pay is answered in black ink. Now in service on 20 railroads are 80 high speed streamliners.

Zephyrs operating between Chicago and Denver are reported to have returned for year ending June 30, 1938 gross revenue of \$2,088,938, a figure yielding a net of \$1,568,831, 75.1 per cent of the gross, or \$2.07 per train mile.

For the same period the Hiawathas, between Chicago and the Twin Cities, had a gross revenue of \$1,337,898, with net earnings of \$3.22 per train mile or 74.1 per cent of the gross.

New trains usually show a steady increase in revenues for a considerable period after going into service. The El Capitans, between Chicago and Los Angeles, went into action in February, 1938. They produced \$8,000 in revenues that month; \$38,000 in March; \$49,000 in April; \$83,000 in May and \$101,000 in June.

Last-word trains may not be the answer to the railroad passenger problem everywhere, but showing in earnings and popularity constitutes eloquent demonstration of railroad self-help.



COMPLETION . . . DAYS SOONER *When Home Loans Are Approved Promptly!*

YOU don't have to put up with the red tape that so often delays home loans and then delays construction! Your local Savings or Building and Loan Association will frequently have an approval for you 48 hours after the loan application is filed! Construction money comes in on time. So owners don't fret under the strain and inconvenience of delays that never seem to end.

This business was built on prompt, efficient service! Years of experience have keyed our procedure to the owner's requirements. Savings, Building and Loan Associations have a background of 10,500,000 American homes financed soundly, conveniently and promptly. For over 100 years our group has been America's most popular home financing system.

Records like these aren't easy to establish. Yet institutions like ours consistently finance more home loans than all other financing institutions put together. Here are the reasons why—

- 1 Prompt service, without red tape, all the way through.

2 Convenient, easy-to-understand loans paid back like rent on a monthly-repayment, long-term plan.

3 Friendly service where a loan means a good neighbor, not just a number.

In addition, savings, building and loan associations keep local dollars at home. We help make jobs for local people by fostering local saving to encourage local home ownership. We strive constantly to effect improvements in our community by lending our support to worthwhile projects.

Recommend this source of home financing money to your friends and employees. Let a member of the United States Building and Loan League give you facts and details about this prompt, red-tape-less home financing service.

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When You Support Your Local Savings or Building and Loan Association—You Help Local Business

NEW \$15,000,000 SOUTHEASTERN NAVAL AIR BASE



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JACKSONVILLE FLORIDA

Jacksonville, chosen as the ideal site for the Navy's new Southeastern Air Base, offers the same marked advantages to aviation industry. Consider these points:

- TAXES . . . Companies falling within the aircraft and aircraft parts classification are exempt from all taxes through 1948 . . . no state income or sales taxes. Low construction costs . . . cheap power . . . ample supply of intelligent, native-born labor . . . labor disturbances are rare.
- TRANSPORTATION . . . Jacksonville, the largest South Atlantic port, has regular steamship service to North and South American and European markets. Highways, rail, water and air routes converge here. Freight rates are favorable. Raw materials within easy access.
- CLIMATE . . . Ideal for year-round working efficiency—cool in summer, warm in winter. The flat terrain has numerous protected seaplane landing areas.

Investigate the opportunities the Navy's new Air Base creates for YOU in Jacksonville. On request we will supply an individualized "brass tacks" survey defining Jacksonville's suitability as a location for your plant, branch plant or sales office. This service is free. Ask for it.

QUOTES — From The Hepburn Board's Report to the Naval Affairs Committee of Congress, March 20, 1939:

- "The Percentage of flying hours makes Jacksonville entirely acceptable from the point of view of weather."
- "The advantages presented by Jacksonville are: Superior strategic location with entirely satisfactory operating conditions; superior transportation facilities and superior local labor and industrial resources."
- "Moderate cost of development."

Exceptional Opportunity for these Industries
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Air Conditioning Takes on more Jobs

(Continued from page 28)
tribute to paper deterioration, many libraries, including the Library of Congress Annex, have put in equipment to protect rare volumes and at the same time provide for the comfort of staffs and readers.

Winter conditioning facilities have been added to the historic old frigate, *Constitution*—Old Ironsides of the school books—to preserve her from shrinking and checking.

Bowling has become a year round sport in Cleveland since an alley owner installed a cooling plant, and by putting small room coolers in tourists' cabins, an Arkansas motor court operator has no difficulty in renting them out by day as well as night to road-weary motorists. An Atlanta bank got itself talked about nationally last summer by air-conditioning its telephone booth.

Comfort for circus animals

RATTLING around the country with a large circus is Gargantua, a 500-pound gorilla, in the first glass-enclosed, air-conditioned cage ever built. His home duplicates climatic conditions of the Belgian Congo, the beast's habitat. Throughout his travels, Gargantua not only has escaped colds and the respiratory diseases to which gorillas are susceptible but he has gained in height and weight.

An American engineer accompanied it on a tour to Europe several months ago to see that the temperature within the cage was always 78 degrees with 50 per cent relative humidity. Any change of temperature greater than one degree

an hour might cause the beast to come down with pneumonia.

Although an engineer is in constant attendance, the gorilla's cage has special thermostats that regulate its weather by outside temperature. Now the circus tent itself has been air-conditioned.

Manufactured weather has been a boon to the mining industry, particularly in the gold regions around Johannesburg, South Africa, where production has been increased up to 50 per cent with no appreciable rise in costs. Although the idea of cooling a mine by mechanical refrigeration originated in Brazil several years ago, its full potentialities were not brought into sharp focus until the installation was made at the world's deepest mine, the Robinson Deep.

Its operators were dubious about air conditioning. At the 8,500 foot level, they pointed out, temperatures above 95 degrees and relative high humidities made it necessary that the working crews be changed every few hours.

An American company developed a plant, which, by means of large fans on the surface sends cool, washed air through the three miles of underground passageways. Near the top of the shaft, the air is cooled uniformly throughout the year to 35 degrees, permitting efficient operation of the mine at its greatest depth, although at the latter point the temperature rises to 86 degrees because of compression of the air and heat from the rocks. This difference in temperature, mine officials feared, would increase illness among native workers. To checkmate this, workers were obliged to stop at a station halfway up the shaft



Precise atmospheric conditions must be met in the manufacture of sutures

and put on sheepskin jackets provided by the company before ascending the cold air shaft to the surface. According to company records, the incidence of pneumonia has decreased more than 40 per cent since the equipment began operation.

The Hercules shaft of the East Rand Proprietary Mine has an air-conditioning system 6,800 feet below the surface which has enabled the operators to take 50 per cent more ore from the shaft at no increase in operating cost. This equipment supplies 150,000 cubic feet per minute of cool, filtered air, aiding the men in reaching the deeper, richer deposits of gold bearing quartz, hitherto inaccessible because of high rock temperatures.

Similar success has been attained at the Magma Copper mine at Superior, Ariz. Before the installation of the weather-making plant, a new working level had to be cooled by fans—a long, drawn-out procedure.

During summer, both the heat and humidity curbed operations. Forty-eight hours after the machinery started, however, the temperature dropped from 95 to 82 degrees and with a corresponding decrease in humidity.

An aid to hospital patients

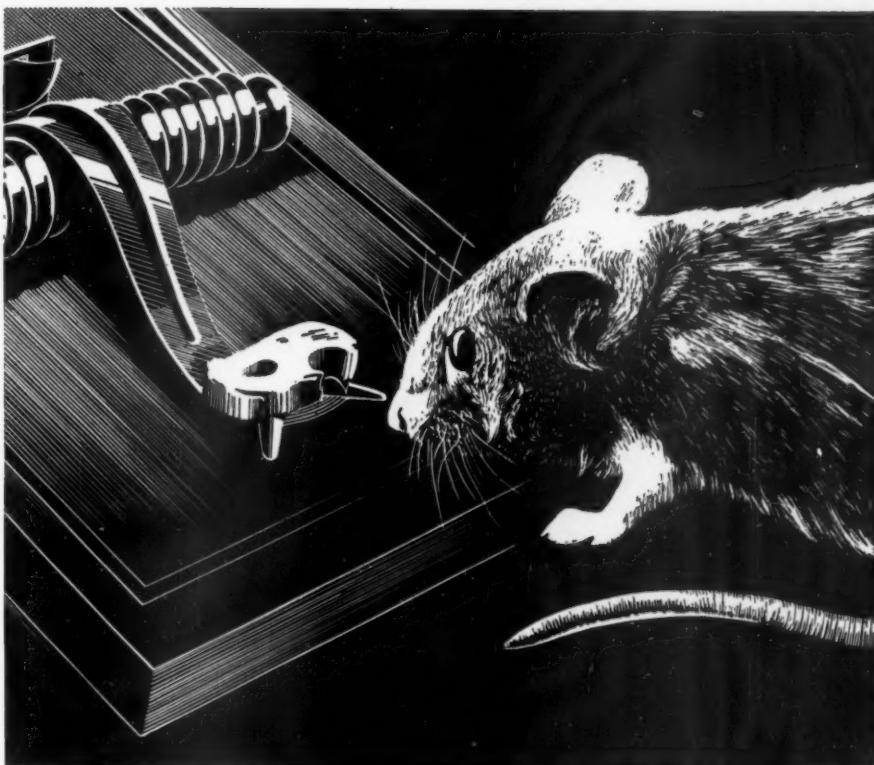
A MEDICAL scientist several years ago discovered more deaths occurred after operations in the hot weather than in cool, and that the symptoms were identical with those of heat stroke. Consequently, most persons put off having major operations whenever they could until cooler weather. Cooling facilities in operating rooms and in patients' quarters have been found to improve summer recuperating power.

Then, too, millions of Americans more or less incapacitated during the hay fever season are assured of great relief from conditioned air.

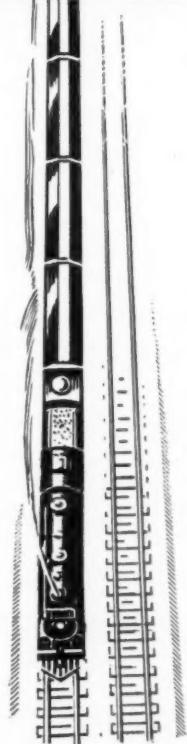
As an art, air conditioning is as old as civilization. As a science, its growth parallels man's conquest of the air in another field, aviation. In fact, just about the time the Wright Brothers were getting facetious writeups in the newspapers for their early flying attempts air conditioning was being introduced, first in a lithographers' plant and then in the textile mills.

For almost two decades no one thought air conditioning would go beyond industry but when theaters became interested in adding refrigeration to their ventilating systems the outlook changed. The cooling units resulting from this combination were at best inadequate so finally in 1923, a Los Angeles theater put in a regular air-conditioning system. The innovation clicked. Sweeping eastward it hit Broadway two years later, the old Rivoli Theater paying \$60,000 for an installation. Within three months the cooling plant paid for itself with increased patronage. A Detroit department store, Hudson's, was next to use cooling as a magnet for summer shoppers. The hotels and restaurants followed suit. The turning point in its career came with its adoption by the railroads.

There's been no resting on laurels in this industry. Earlier systems were built around the use of ammonia but, because



THEY BUILT A BETTER MOUSE TRAP AND ERIE BEAT A PATH FROM THEIR DOOR



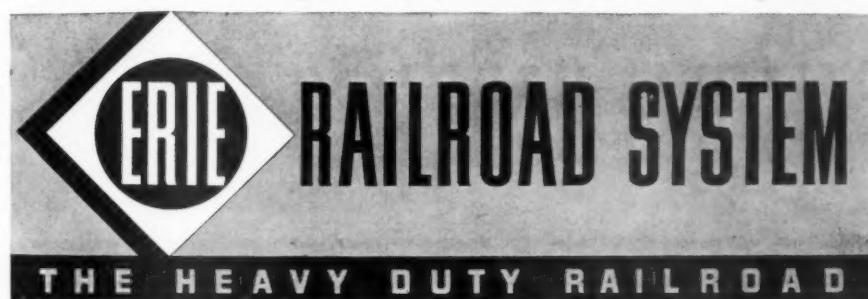
● Let a man build a better mouse trap and the world will beat a path to his door. But now Emerson's proved wrong! A large trap manufacturer in eastern Pennsylvania is building better mouse traps. But they trust Erie to beat the path *from* their door.

You may think a carload of mouse traps is an unusual load. But every minute of every day Erie handles unusual loads. Speeding east and west a diversity of products that makes the variety of a mail order catalog suffer by comparison.

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of the problems involved in handling it, research was begun on new refrigerants. With the development of freon in 1933, air conditioning became practical in small units, which has broadened its scope appreciably.

Latest trend in the field is that of air-conditioning churches by giant thermos bottles. Because a building of this type is used for only a short period each week, the plan would permit the continuous use of a small unit storing up cooling effect for 24 hours daily and then releasing this stored cold for the relatively few hours of actual use.

The same plan would be applicable to funeral parlors, certain types of

auditoriums, and cafeterias operating only during the noon hour.

The consensus of air-conditioning authorities is that the industry has been greatly handicapped by wild-eyed predictions about its future. A number of vague, but revolutionary processes are being awaited by persons who feel cooling can be done more economically than heating. This, as any engineer will readily admit, is not true even though equipment costs have been cut in half in the past seven years. Engineers point out, too, that as long as the present theory of air conditioning is followed, there won't be a "little box" somewhere supplying cooling at a very small cost.

A Community Revises Relief

(Continued from page 30)

6. Demobilize relief and take it out of the hands of professionals.

7. Restore the 15-year residence requirement for eligibility to old age pensions.

8. Open the books so the public can know who is on relief. (At present only the politicians who put people on relief and pensions have access to the case records.)

9. Cease the indirect financing of relief by state and federal governments. Widen the county tax base to make this possible.

This program included daring proposals. Its underlying philosophy is to make relief less attractive. The idea is to stimulate relievers to support themselves rather than continue as public charges.

Telling the public

BY THIS time the Santa Ana Chamber was operating a publicity bureau. Its releases, containing facts dug up by the research bureau, had gone first to the daily newspapers of Orange County. Then the weekly publications asked to be included. The campaign was "taking hold" and soon publications outside the county were printing the news about the little Chamber of Commerce which had dared to attack the governmental Goliath. The more important releases are sent to 100 newspapers, including such publications as the Los Angeles Times, Long Beach Press-Telegram, San Diego News-Tribune, and others. Many editorials have appeared in various newspapers, praising the campaign.

The California Taxpayers Association has agreed to cooperate with the campaign and is supplying statistical ammunition which is used to show the ever-mounting costs of relief, pensions and government.

Spurred by the start made by the Chamber, a county-wide committee has joined the battle. It is made up of newspaper publishers, business men and ranchers. Similar organizations are getting under way in other parts of the state. Eventually it is hoped there will be a state-wide, militant organization combining all local groups.

This group realizes that the tendency to build up public debts and to spend extravagantly represents the real threat to

democracy. Its object is to strike at some of the fundamental practices which bring about the spending.

The California relief situation has been aggravated by the fact that "liberal" laws and regulations make the state attractive to those who have made living on the Government a life career. Largely as a result of this condition, the state's tax burden skyrocketed from \$449,000,000 in 1932-33 to approximately \$930,000,000 in 1938-39.

In Orange County alone the State Relief Administration expenditures increased from \$334,053 in 1934-35 to \$526,904 in 1937-38. Old age pension costs leaped from \$35,428 in the county in 1934-35 to \$1,097,688 for 1938-39. Costs of operating the Orange County Welfare Department shot up from \$252,593 in 1934-35 to \$1,167,483 in 1937-38. Orange County has a population of approximately 136,000, and the increases are obviously not due to gains in population.

"It can't be done!" the spenders said when the Santa Ana Chamber started a drive to stop relief for aliens. Officials of the State Relief Administration defended the practice both on legal and moral grounds.

In Orange County there are 16,000 alien Mexicans, according to Franklin P. Davis, chief of the United States Immigration Service office in the county. It costs the county taxpayers \$250,000 annually to support indigent aliens. And more than half of these 16,000 Mexicans are not only aliens, but are in the country illegally, according to Davis.

The Chamber of Commerce presented these facts to the public through its news bureau. It took the "can't be done" ultimatum as a challenge. Alien relief was Plank No. 1 on its platform.

On June 12, 400 farmers and business men from five Southern California counties met at Anaheim, in Orange County. Minimum wage scales proposed by the State Relief Administration for farm workers were roundly condemned. The S.R.A. had said that relievers did not need to accept private employment unless the fixed wage scale was offered and the wage scale set by the S.R.A. was from 37 to 66 per cent higher than wages customarily paid, the farmers said. The farmers had asked business men to support their effort to defeat the proposal.

At this meeting, Secretary Wood outlined the Chamber's investigation into the alien relief situation. The meeting adopted, among others, a resolution embodying much the same principles on relief as those in the Chamber of Commerce program. News of this action reached Sacramento, where the economy group in the legislature was in a deadlock with the spenders over the relief problem. At the same time, a measure to curb granting of relief to aliens was up for consideration in the legislature.

On June 19, the legislature passed a bill restricting relief grants to aliens. It proved that the relief monster has thin spots in his hide which can be pierced. Governor Culbert L. Olson, however, vetoed the measure.

One of the most important meetings staged by the Santa Ana Chamber was a conference of officials and leaders of eight Southern California counties. Members of Boards of Supervisors, newspaper publishers, Chamber of Commerce officials and members, farm groups, taxpayers organizations attended.

Organized for spending

A SIGNIFICANT fact came out of this meeting. It was apparent that some members of the State Supervisors' Association, who were supporting a relief measure of their own in the legislature, were interested chiefly in spending the relief money. On the other hand, the state administration was determined to keep the spending in its own hands. It appeared to be a battle to see which group of officeholders could control the political relief machine. And in between these two groups was the taxpayer.

Another victory came in the fight to set relief funds for the next two years. Governor Culbert L. Olson asked for \$73,000,000. Dr. H. Dewey Anderson, State Relief Administrator, requested \$110,000,000. The legislature finally adopted a suggestion which originated in Orange County and allocated only \$35,000,000, just enough to finance relief until January, 1940, when a special session will be held to iron out the whole relief question and frame a new program.

One of the lessons the Chamber has drawn from its campaign is that the governmental and relief situation must be driven home to the average person and its dangers explained. The only way a job can be done is to have public opinion powerfully behind the movement.

National spending has been on such a grand scale that the average person just can't comprehend it. Figures running into billions just don't seem to mean anything. But when you show the average taxpayer what governmental and relief costs mean in his own home town the lesson is driven home.

The Chamber of Commerce in Santa Ana and its supporters believe that the crucial issue is whether business can save itself. They believe that it still can be done, but that small business men will have to unite with farmers and join the fight, and the fight must start at home. The Chamber has proved that one county can be organized to do the job. And if it can be done in one county it can be done in all counties.

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Taxpayers Get a Break

(Continued from page 16) of \$1,200,000, a gain on the books of \$200,000. It had to pay an income tax on this book profit. Perhaps as far as actual cash income went during the year, it just broke even. It still had to pay a tax on the \$200,000, even if it had to borrow money to do it.

Under the new law, any corporation that consistently uses the "last in, first out" rule for business accounting purposes will be permitted to follow this practice when casting up its accounts for the income tax collector.

It is provided that corporations may revise upward, in each of the next two years, the valuations of their capital stock for purposes of the capital stock and excess profits taxes. This will permit concerns whose earnings have exceeded their estimates to escape at least some of the sting of the excess profits tax. Beginning in 1941, and every three years thereafter, corporations may revise their capital stock valuation either upward or downward, for tax purposes, as is provided by present law.

Under a provision of the new law, corporations in financial difficulties may buy in their fixed obligations at market prices of less than par without having to pay, as heretofore, a tax on the difference. This will help many corporations—especially railroads—to buttress their financial structures without sacrificing an almost immediate tax outlay in compensation for a book "profit."

Improvements in administration

FINALLY, Congress made a number of changes designed to ease the administrative provisions of federal revenue laws, especially to cure situations arising from unexpected court interpretations of the law. For example, it corrected a situation under which a concern could not take over an insolvent or bankrupt corporation and liquidate its liabilities without perhaps suffering a tax penalty for so doing.

Much more of a specific nature remains to be done, however, if tax legislation is to play its part in encouraging business to expand, absorb many of the unemployed, and develop earnings which constitute the only hope of bringing the monotonous parade of deficits to an end.

Senator Pat Harrison of Mississippi, chairman of the Senate Finance Committee, said when the bill was under consideration that his only objection to it was "that it does not go as far as I would like to have it go." The Mississippi Senator, along with Undersecretary of the Treasury Hanes was one of the prime movers for the action which led to enactment of the Revenue Act of 1939, and brought his enormous fund of practical tax knowledge and parliamentary skill to bear in working for its adoption.

Secretary Morgenthau also indicated to the Ways and Means Committee of the House that tax revision should not stop with the proposals which he submitted and which were included in the

Act. The Treasury Secretary, who had patiently pressed the cause of tax revision within the councils of the Administration, said in submitting his proposals, that "I do not consider them as constituting an adequate program of tax revision."

With the green light given to further tax revision, Congress already has been given some good signs pointing to the routes this revision should take. Some of these suggestions have come from tax experts testifying before committees. Others have come from the fiscal officers of the Administration.

A start on clearing the road

ALTHOUGH the Revenue Act of 1939 has become widely known as a bill to remove tax deterrents, it has removed only a few of the tax obstacles to business expansion. Necessarily, then, if Congress wants to stimulate business, it must set about to abolish the remaining impediments to a maximum of commercial and industrial activity, and resultant collections of more taxes.

While considering further deterrent-removers, Congress will need to take into account long-run considerations of fiscal and tax policy, in order to garner the full crop of benefits.

For example, it must tackle the problem of balancing the federal budget with deadly earnestness. It should give thought to the idea of a stable tax structure. No permanent tax relief is secure with the budget far out of balance, and stability is about as necessary for a revenue system as the removal of tax inequities.

Congress did not attempt to go beyond the corporate tax field in removing deterrents to business. It neglected to adjust taxes on individuals, especially high surtaxes. It skipped over estate taxes, and it even left undone some of the reforms in corporation taxes.

In this last category, for example, no provision was made for the repeal of the tax upon intercorporate dividends. Corporations already carry a heavy burden of taxes without having to pay taxes twice on the same income. For instance, in a study presented to the Ways and Means Committee, Ellsworth C. Alvord, representing the United States Chamber of Commerce, showed that, in 1937, some 2,238 companies paid more than \$863,000,000 in taxes, equivalent to 53.2 per cent of their net incomes. This was exclusive of sales taxes and other imposts which presumably are directly passed on to consumers.

The 1934 provision prohibiting closely affiliated groups of corporations from filing consolidated returns, like so many departures from established fiscal policy in the past several years, was aimed at a small number of corporations which some administration and congressional leaders thought were unjustly escaping their proper share of the federal tax load.

If business is to be encouraged to expand, and thereby promote new indus-

trial activity and reemployment, the Government cannot successfully maintain the position that it will collect income taxes from those affiliates of a group which may show a profit, even though the group as a whole may operate at a loss.

In the same category of "heads I win, tails you lose," which has characterized the Government's tax policies, is the relatively short period allowed for carrying forward operating losses. Granting that the new permission to carry operating losses forward for two years is a distinct improvement, it is only a beginning. The British allow six years.

There is no better testimony on the need for a longer period than that supplied by Treasury Undersecretary Hanes, testifying before the Ways and Means Committee:

There are many industries that have up's and down's, have big years followed by lean years. In the textile industry one good year out of four is considered good business. Another benefit to be gained by permitting loss carryovers is in the encouragement of the creation of new industries, where venturesome enterprise is necessary. Very, very few companies that I have ever known anything about are able to earn any money within the first three or four years.

It may be noted, incidentally, that the hope of both pro- and anti-Administration men is that many new enterprises, thought to be just beyond the horizon, will pull the country out of its present depressed activity, once given the chance.

Lower rates, more revenue

THERE is ample ground, too, for the belief that a lower rate for the corporation income tax—say 15 per cent—will, in the long run, provide more revenue for the Treasury by helping to encourage a greater volume of business activity. Many of the country's ablest tax experts hold that a 15 per cent corporation rate yields the maximum return from this tax, and that beyond that point the law of diminishing returns begins to operate.

Both Secretary Morgenthau and Senator Harrison have indicated dissatisfaction with the capital stock and excess profits taxes. Speaking of them, the Treasury head said:

The taxes are not really taxes on the value of capital stock or on excessive profits. Their major defect is that they operate very erratically.

Senator Harrison explained that, since the two imposts together produce about \$170,000,000, they could not be dispensed with at this time, but inferred that they should be repealed when circumstances permit.

In the category of specific measures of tax reform, the high surtax rates on individual incomes should be reduced. Secretary Morgenthau suggested that this topic be examined to ascertain whether the rates "may not be so high that they discourage the limited number of individuals subject to them from taking normal business risks." More recently, Undersecretary Hanes urged reduction of these rates.

Surtaxes are now so high that they

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materially cut into the savings which should be available for "risk investments" by persons with large incomes. Furthermore, such a man faces the choice of taking a large measure of speculative risk in a new enterprise and being sure that if he realizes a large return the Government will take anywhere from a third (for a person who already has \$50,000 of income) to more than 60 per cent (for a person having an income of \$200,000) of the new income. It works out under present surtax schedules that a successful venture for a man with a large income becomes a winning sweepstakes ticket for the Treasury—but the Treasury doesn't even buy the ticket in the first place.

It is completely unrealistic, however, to couple reduction of the surtax rates with abolition of future issues of tax-exempt securities, as Administration representatives recently did in proposals submitted to the Ways and Means Committee after the new Revenue Act became law.

Consider proposals separately

EACH proposal should be considered separately upon its own merits. A comparative handful of wealthy individuals may be deriving undue benefit from their tax-exempt holdings but, unless abolition of tax exempts is made to work backward, the effects of any prohibition will not be material for years to come. Furthermore, the repercussions of such a proposal upon the finances of states and municipalities are so manifold that the tax-exempt problem must be dealt with by itself, apart from other issues.

A number of other specific repairs to the federal revenue system should be undertaken. It is doubtful if the present high estate tax rates, levied with a view to redistributing wealth as well as to raising revenue, will, in the long run, produce the revenue hoped for. Downward revision would tend to increase revenue by encouraging business activity.

Congress might also find it advisable to permit a person to build up a fund, by insurance or otherwise, for the payment of death taxes, the reserve for this purpose being exempt from taxation. Such a device not only would simplify the collection of estate taxes, but would lessen the shock upon family business which frequently must liquidate assets or borrow money to pay the death dues.

Critics of many of these accepted programs of tax reform observe that they seem to involve some more or less general reduction in tax rates, and threaten the Treasury's revenue at a critical time.

However, if a determined drive is made coincidentally to curtail the expense of government, some or all of these tax reductions might be made. It also is probable that lower tax rates would encourage the production of an infinitely greater volume of private income from which to collect taxes. With a broader reservoir of income, a lower tax rate would produce a greater tax return than the high rates on present restricted incomes.

Both theories—high rates and reduced rates—have been tried in recent years, the former during the present decade,

and the latter during the 1920's. The country entered each decade with business in a depressed condition. Under the policy of steady reduction of tax rates in the 'Twenties there was rapid recovery from the depression of 1921-22, followed by the greatest period of expanded business activity in our history. Under a steadily rising scale of tax rates, the 1930's have seen one of the most prolonged periods of business depression that this country has ever known.

Specific tax reforms, however, constitute only part of the picture. Business may be encouraged by the removal of many of the "bugs" of the present tax laws, but so long as taxation is a matter of social experimentation, there can be no stability in the business tax picture.

Stability of taxation always has been recognized as a necessity for business. Once a fair system of taxation has been adopted, business can stand the adjustment of rates upward, when necessary, much better than it can stand a change in the objects and methods of taxation.

If government revenues begin to decline in a period of depressed business, an industrialist can foresee the need for an increase in the rate, and make his plans accordingly. However, if he has to contend with the unforeseeable possibility that a year or so hence taxation will be used to discourage doing business in a particular way he will have difficulty in shaping his program, and may decide that risking the imponderable is not worth the sacrifice of capital and time.

So, when Congress gets down to extending tax relief further, next session, it would be well advised to take into consideration the framing of a comprehensive system of taxation that it will be willing to stick to for some reasonable period, such as ten years.

Neither the adoption of such a policy, however, nor the removal of flaws in the present tax laws can be expected to produce expanded business and employment so long as the dark shadow of the deficit overcasts the fiscal sky. That is because no individual investor and no business man may contemplate the future with safety while there is a prospect that the Treasury's position will become unmanageable, and there is danger either of inflation or more drastic taxation than the country has ever known.

"If, however, deficits are long continued, the depressive effects of uncertainty tend to make recovery more difficult," the Treasury Secretary has said.

Wanted: a balanced budget

TO BRING about not only a balance of the budget but the provision of some funds for federal debt retirement, the overwhelming need is for a firm resolution all around. Once this resolution comes to the fore, the adoption of more modern procedure to correlate expenditures with revenues might aid in achieving the objective.

In this connection, Congress should seriously consider Mr. Morgenthau's suggestion that the Ways and Means and Finance committees (taxation committees, respectively, of the House and Senate) and the Appropriations committees of the two bodies meet together to con-

sider overall aspects of expenditure and revenue programs. This would help to hold expenditures to a level commensurate with available revenues. Once given the will to balance the budget, Congress would find such a device of material help in resisting pressure groups demanding larger expenditures.

Finally, Mr. Morgenthau also suggested that a national commission be established to make a beginning on correlating federal and state revenue systems to eliminate overlapping taxation. The Ways and Means Committee has already taken steps to undertake such a survey this fall along with study looking toward further tax revision.

Like balancing the budget, however, a proposal to partition state and federal sources of revenue depends, not alone upon commissions or procedure, but upon a firm disposition to restrict governmental spending. Expanding programs of federal-state cooperation might force states to reach for all sources of revenue available, and therefore decline to share their objects of taxation with the federal Government.

Nevertheless, business may be encouraged in knowing that there is a will not only to correct defects of the revenue laws, but to bring reason out of the maze of conflicting state-federal tax systems, with a view to encouraging business to look ahead to the chance to make profits without sacrificing unduly to the support of government or face sudden sorties of social experimentation in tax legislation.

Insurance's College

OFFSHOOT of the Hartford College of Law, Hartford, Connecticut, the College of Insurance opened its doors this month. From it will be graduated masters of science in insurance administration. President of the new institution is Harlan S. Don Carlos, manager of the life, accident and group claims department of the Travelers Insurance Company.

Other insurance executives on the board of trustees include: James Wyper, Vice President of The Hartford Fire Insurance Company; John M. Laird, Vice President and Actuary of The Connecticut General Life Insurance Company; Vincent B. Coffin, Vice President and Superintendent of Agencies, The Connecticut Mutual Life Insurance Company; Berkley Cox, Associate Counsel of The Aetna Life Insurance Company; Bartlett T. Bent, Assistant Secretary of The Travelers Insurance Company. Edward G. Baird, for several years Dean of the College of Law, will also serve as director of the new College.

The case method of instruction, as far as is practicable, supplemented by text materials and lectures from professional teachers, will be given over to junior executives drawn from different types of insurance activities and actually employed at the work which will comprise their subject matter. The faculty of the College of Law will teach the related law courses. The general insurance course requires three years of evening study.

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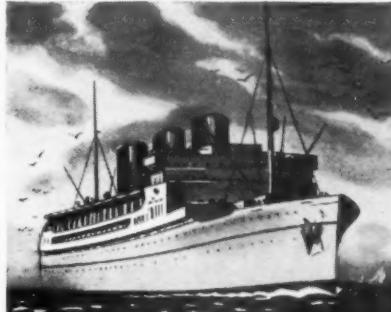


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